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MARSHALL'S

Corporation and Voucher Accounting

—BY—

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Author of "Bookkeeping and Business Training," and joint author of the Ellis "Learning by Doing" Series.

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Marshall's Corporation and Voucher Accounting.

CORPORATIONS.

A Corporation is an organization of persons, specially authorized by law to act as one person. Corporations have certain general powers, rights, and responsibilities, which are specified by the law under which the corporation is created.

A Charter is a formal document issued by the proper authority, setting forth the powers, purposes, and term of existence of a corporation, and by the issuance of which the corporation attains to a legal existence.

Classification—Corporations are either Public or Private. Public Corporations include the persons of an entire community, as a city, or town, and are formed for governmental purposes. Private Corporations are those formed by the voluntary association of individuals, and include all corporations not public.

Private corporations are further classified into:—

1. Religious, or those comprising churches or other religious societies.
2. Benevolent, or those formed for promoting educational, charitable or fraternal undertakings, as colleges, fraternal societies, hospitals, etc.
3. Commercial, or those organized for pecuniary gain, as the various companies formed for manufacturing, trade, transportation, and other business purposes. Commercial corporations are often spoken of as joint stock companies.

We limit our attention here to commercial corporations, or companies. The powers, privileges and obligations of these organizations, vary considerably in the different states, and it is always necessary for those who form commercial corporations, to consult carefully the state or national laws under which the proposed company is to be organized.

The **Stock** of a commercial corporation is the money or other capital which it is proposed to invest in the concern, and which is represented by a certain number of shares, usually of the denomination of $25, $50, or $100 each. An agreement to take or subscribe for these shares constitutes the first formal step in the organization of a corporation.

Procedure in the Organization of a Commercial Corporation.

Preliminary Discussion, Promotion, Etc.—A corporation may be originated as an entirely new business enterprise, or it may be formed in order to make more effective a business already established as a partnership, or single proprietorship. Corporations are also frequently formed to combine a number of existing corporations, or other business concerns into a single company. Combinations of this kind, are frequently, but improperly, spoken of as "trusts."

The first step in the formation of a corporation, is an informal discussion among the proposed incorporators, as to the advisability of forming the company. Frequently the formation of a corporation is brought about through the efforts of some individual, who makes it his business to induce others to join in organizing the company. The business of bringing about the organization of companies in this way, is called "promoting," and the person who accomplishes it is known as a "promoter." The promoter of a corporation, usually receives a certain per cent of the stock as compensation for his services.

Minutes of Meetings. When the persons interested in the proposed corporation meet to discuss plans of organization, etc., a preliminary organization is usually effected, a temporary chairman and secretary being chosen. The secretary should prepare minutes of the meetings which are recorded in the "Minute Book." Any common blank book may be used for this purpose. If subsequent meetings are held, the minutes of the previous meeting should be read by the secretary, and, if no corrections are required, they are duly marked "Approved" and are signed by the president and the secretary.

An illustration of the minutes of a corporation meeting will be found on page 9.

Stock Subscription Agreement. The first formal and legal step in the organization of a commercial corporation, consists in the signing of the Stock Subscription Agreement by the proposed incorporators. This comprises a mutually binding contract on the part of the several signers to take and pay for the shares of stock which each subscribes for. If the company is to be composed of many stockholders, a special book called a Stock Subscription Book may be used for this purpose, but more often the agreement is in the form of an ordinary legal document, which, when signed and witnessed (usually by a Notary Public) is filed in the secretary's office. (See form of Stock Subscription Agreement on page 9.) It is not necessary for the entire amount of capital stock to be subscribed before the corporation is formally organized. This may be done whenever, in the judgment of the incorporators, sufficient stock has been subscribed to insure the success of the company.

Adoption of Articles of Incorporation. When a sufficient amount of stock has been subscribed, the incorporators hold a meeting, and proceed to perfect the organization of the company. This consists in the adoption of Articles of Incorporation. These should set forth:—

1. The official name of the corporation.
2. The purpose for which it is formed.
3. The period of time for which it is organized.
4. Its location, or place where its principal business is to be transacted.
5. The amount of capital stock and the number of shares into which this is to be divided.
6. The names of the officers and directors elected for the first official term.
7. The name of the incorporators, whose signatures are duly attested by a notary public, or other competent officer.

Other provisions may be added, as those relating to the duties and powers of the officers, the amount of indebtedness the corporation may incur, or any other general regulations of the corporation affairs which may be deemed advisable and which are not in conflict with the laws of the state in which the corporation is organized.

The form on page 10 affords a fair illustration of Articles of Incorporation as usually adopted, but it should be remembered that these forms are subject to much variation.

When Articles of Incorporation have been duly adopted, and signed by the incorporators, and the signatures duly certified to by a notary public or other competent official, the instrument is forwarded, with the required fee, to the office of the Secretary of State, where it is officially recorded, and the original copy, duly certified, is returned to the officers of the company, and becomes in the contemplation of the law, the *charter*, by the issue of which the corporation attains to a legal existence, and becomes competent to transact business under its corporate name.

Powers and Liabilities.

The powers, duties, rights, and limitations of corporations and of the individuals who compose them, are subject to considerable variation in the several states. Within the limits of the constitution, each state regulates corporations in its own way, and the student of these organizations should begin by studying the special laws of his own state, which provide the conditions and limitations under which they may be organized. Still, there are a number of general principles governing incorporated concerns which are substantially the same in all the states.

Powers. Among the general powers and rights of corporations are the following:

1. The power of *perpetual succession*, or of corporate existence for the time named in its charter.
2. The right to enter into contracts and to sue and be sued under the corporate name.
3. The right to acquire and dispose of real estate, patents, copy rights, or other property, the same as a natural person.
4. The right to possess and use a common seal for the certification of corporate acts by its officials.
5. The right to adopt such by-laws or other rules for its government, as are not in conflict with its charter, or with the laws of the land.

Voting and Elections.—The directors and other officers of a corporation are usually elected annually. The voting is generally by ballot, each stockholder having a number of votes equal to the number of his paid-up shares.

Must Keep Books.—Corporations are usually required to keep duly certified records of all official acts, also books of account showing all business transactions. These records are open to the inspection of all stockholders.

Liabilities.—Corporations, like individuals, are liable for the lawful acts of their agents, also for trespass or other wrongful acts committed by such agents or officers, when acting within their official authority. Corporations are also liable to their own stock-holders for any infringements of their rights, occasioned through the acts of Corporation officers, *when acting within their authority*. The general liabilities of corporations vary considerably in the different states, being modified by the local laws.

Liabilities of Stockholders.—The individual liability of stockholders for the debts of the corporation depends upon: (1) The form of incorporation; (2) the class of stock held; (3) the provisions of the charter; and (4) the local statutes. With reference to individual liability, corporations have been divided into:

1. Unlimited Liability Corporations, or those in which each stockholder is personally liable for all debts of the corporation.
2. Single or Limited Liability Corporations, in which the individual stockholders are liable only to the amount of their *unpaid* stock subscriptions.
3. Double Liability Corporations, in which the stockholders are liable to the full amount of the stock subscribed for.

NOTE—In some states, Limited Liability Corporations are required to affix the word "Limited" to their corporate name, whenever the same is publicly used.

Corporation Finances.

The profits or losses of a corporation are apportioned among the stockholders according to the amount of capital stock respectively held by them.

Dividends are distributions of profits, being designated as a certain percentage of the stock upon which the distribution is based. Thus, by a "six per cent dividend" is meant such a distribution of profits as will entitle each stockholder to an amount of profit equal to six per cent of the par value of the stock which he holds.

Assessments are levies made upon stockholders, of a certain percentage of the stock held by them, the money thus raised being used for any legitimate purpose that may be decided upon by the management of the company. Assessments are usually made to cover deficiencies, or to meet expenses for which the available resources of the company are inadequate.

An Installment is a part payment of a stock subscription. Sometimes stock subscriptions are required to be paid *in full* at a specified date after the subscription is signed, and sometimes the subscriptions are paid in installments of a certain per cent of the par value of the stock. Frequently, paid-up stock is issued to certain of the stockholders for property transferred, or services rendered to the corporation. The time and manner of paying for stock subscription, is purely a matter of mutual contract among the stockholders.

Classes of Stock. Not all the stock issued by a corporation assures the same rights, privileges, and profits to the persons to whom it is issued, and this variation in the conditions and limitations under which stock is issued, gives rise to several classes of stock, the more important of which are here designated as follows:—

1. *Common Stock.* This is the ordinary stock that is subscribed for when a company is organized, and which is issued to the incorporators when paid for in accordance with the terms provided by the articles of incorporation.

2. *Treasury Stock.* This is unissued stock that is reserved and held in the name of the company, as an asset to be disposed of as the exigencies of the business may require.

3. *Preferred Stock.* In the organization of a company, it is often desirable to issue a portion of the stock under conditions that shall entitle it to a regular specified dividend which is to be paid out of any accruing profits—and which must be paid, *before any dividends are apportioned to the common stock.* The stock thus favored is known as "Preferred Stock" or "Preferential Shares." If the stock is entitled to the dividend, whether or not any profits have been made, the amount being carried over from year to year, the total dividends for each year being finally paid when there are sufficient profits, the stock is known as "Cumulative Preferred" or "Guaranteed" stock.

Preferred stock, however, is not entitled to any dividends in excess of the amount specified, and for this reason, it comprises a more stable and less speculative investment than the ordinary stock, which, under some circumstances, may earn a very high rate of dividends and under others, none at all.

4. *Donated Stock.* This is stock which is contributed pro rata by the several stockholders, and to be sold for the purpose of raising needed funds to carry on the business. It is transferred to the company and held in reserve as an asset the same as Treasury Stock.

Franchise. A franchise is any special privilege granted to a corporation by a municipal council or other law-making body. Franchises include such privileges as the right to use the streets of a city for a street car line, for water or gas pipes, telephone or electric lighting appliances, etc. A franchise is usually granted for a term of years, and is in the nature of a contract between the company receiving it and the municipality by which it is granted.

Bonds. Bonds are the written or printed obligations of public or private corporations, to pay specified sums of money, with interest on the same, in accordance with the terms named in the instrument. Bonds usually run for a term of years, the interest being payable quarterly or semi-annually, and represented on the instrument by detachable coupons, which are presented for payment as they mature. The bonds of private corporations are usually secured by mortgage, or other lien on the stock or other property of the corporation.

The **Earnings** of a company are the receipts derived from carrying on its business. *Gross Earnings* are the total receipts; *Net Earnings* are the profits that are left after paying all expenses.

Securities. This is a general term for Bonds, Notes, Stocks, etc. When such securities are deposited as a basis for loans, they are known as *Collateral*, and the operation of thus depositing them is known as *Hypothecation.*

Fund. This term implies cash that is set apart as a reserve for any specific purpose, related to the business of a corporation. The cash belonging to a company or a municipality is often distributed, or classified into a number of funds, proportioned to the probable requirements of each, as the Contingency Fund, Reserve Fund, Salary Fund, Advertising Fund, Sinking Fund, etc. This method of disposal is sometimes a great aid in the systematic management of the corporation finances.

Bonus. This is an amount either given or received by a corporation, on account of some special privilege or benefit growing out of its business. Thus, the people of a community may grant a bonus of cash or other property to a company in consideration of the general and public benefits arising from its establishment in the community as an industrial enterprise. On the other hand a corporation may pay a bonus to a city or town for the privileges conferred under its franchise.

Corporation Accountancy.

In their application to corporation affairs, the principles of bookkeeping are the same as those employed in other business undertakings. The laws of debit and credit are of course universal in their application, whether the business be conducted as an individual or a corporate proprietorship.

But the peculiar relations sustained by the members of a corporation to the business itself, the representation of the proprietorship interest by means of stock, and the method of apportioning losses and gains, give rise to a number of accountancy requirements and methods, that are not employed in individual or partnership concerns.

With respect to bookkeeping requirements, corporations may be grouped into two general classes:—

First, the so-called "close corporations," or those in which the stock is permanently held by a few individuals, there being few changes in the *personnel* of the stockholders, and few or no transfers of stock.

Second, the "open corporations," or those in which a considerable part of the stock is on the market, being commonly dealt in for speculative or investment purposes, there being a large number of stockholders, with frequent transfers of stock. Corporations of this class are, for the most part, heavily capitalized concerns, that do an extensive business, having their headquarters in some large city, with branch offices in other parts of the country.

Of these two classes of corporations, the smaller, or close corporations, are much the more common. They often consist of ordinary business partnerships that, for greater convenience and stability of operation, have been re-organized in the form of corporations.

For obvious reasons, the acccoutancy methods adapted to the use of this class of companies, are of more importance to the average student than are those special books and devices that are used only by the great concerns, that have their offices in the larger cities. For this reason, the scheme of corporation accountancy given in the present course has been selected with a view to illustrate the needs of ordinary incorporated concerns such as are to be found in nearly every business community, and with the usual bookkeeping methods of which every student of accountancy needs to be familiar.

The books and accounts required to be kept in a corporation business may be divided into two distinct groups:—

1. **The Corporation Books** are those that relate to the stockholders as contributory proprietors and owners. These include the Installment Book, Stockholders' Ledger, Installment Ledger, Assessment and Dividend Book, etc.

2. **The Operating Books** are those that relate to the general mercantile or industrial operations of the company, as the Journal, General Ledger, Cash Book, Sales Journal, etc., and which are kept in the same manner as though the business were not incorporated. We shall first offer a general description of the Corporation Books, and their purpose, and afterward illustrate the use of these in the case of a suppositional corporation.

At the outset, it is well to emphasize the fact that there is much variation among corporations as to the form and kinds of books used. These will be determined by the nature of the business and the conditions under which the corporation is formed and conducted.

NOTE—The corporation books described in the following pages, correspond to those that are to be used in conducting the affairs of the Central Canning and Drying Co., hereafter to be introduced, and should be carefully studied. They will serve also to illustrate the methods of accounting usually employed by the majority of incorporated business concerns.

Books Required for the Organization of a Corporation.

If the corporation represents the inauguration of a new business enterprise, several books and forms will be required, that may not be needed in the case of a company whose business has been previously conducted as an individual proprietorship or a partnership. In the latter case, paid-up stock is likely to be issued to the several stockholders as soon as the incorporation is formed, and there may be no necessity for either a Stock Subscription Book, or any provision for installments.

Assuming, however, the formation of a corporation for the establishment of a business, in which

all or a part of the stock is to be subscribed and paid for in installments at such times as the capital may be needed in developing the business, it would be necessary at the time the first installment is payable, to open an

Installment Book. In this book the stock subscribers are listed each time an installment is called in, the several amounts due being recorded opposite their names, with columns for amount and date of payment, etc. A form of this book is shown on page 13.

NOTE—Unless there are a large number of stockholders, and several installments are to be paid, it would be unnecessary to keep accounts of the installments in a separate book. Loose sheets could be used for each installment, these being afterward attached in the front part of the Installment Ledger.

Installment Certificate Book. This book consists of Installment Certificates, or receipts for installment payments, which are issued to the stockholders at the time the payments are made. These certificates are often referred to as "installment scrip." They are transferable, and when the final installment is paid, are surrendered and stock certificates are issued in their stead. See form on page 12.

The Installment Ledger is a book in which each stockholder is charged with the par value of the stock for which he has subscribed (as shown by the Stock Subscription Book) and credited for the several installments as they are paid, the latter being posted from the Installment Book.

When the final installment is paid, the account is closed, the several installment certificates are surrendered, and a stock certificate for the full amount of the subscription is issued to the stockholder, who is then credited in the Stockholder's Ledger for this amount.

When an installment certificate is transferred, the person to whom it is transferred is debited for the number of shares covered by the certificate, and the person transferring them is credited.

The Installment Ledger is merely an auxiliary and temporary book, its purpose being to give an exhibit of the various stockholder's accounts preceding the payment in full of their several stock subscriptions. When the subscribed stock is all paid for, the Installment Ledger ceases to be active. It would not be needed at all unless the stock subscriptions are to be paid in a series of installments. See form on page 14.

Stock Certificates. When the stock subscribed for by any subscriber is paid in full, either by installments or otherwise, the secretary issues to him a Stock Certificate, as an evidence of such payment, and of his legal ownership of the stock represented by the certificate.

The Stock Certificate Book contains the stock certificate blanks and corresponding stubs. These certificates are issued to stockholders when the stock represented by them is fully paid up. They are issued in such denominations as the stockholder may wish, usually in "blocks" of five, ten, twenty, or one hundred shares. See form on page 15.

The Stockholders' Ledger.

This book contains a record of all shares issued to the several stockholders, also of the certificates surrendered, transferred, or re-issued. Its entries come from the Stock Certificate Book, and it should always show the exact amount of stock that is controlled by the several stockholders. See page 16.

Transferring Stock.

At any time in the history of a corporation, it is likely that some of the prospective or actual stockholders may wish to transfer their interests, wholly or in part, to other parties. In fact, the right of a stockholder thus to transfer his interests, and without the consent of the other stockholders, is one of the principal distinctions between corporations and ordinary business partnerships.

A stockholder may not, however, by the transfer of his stock, escape his liability for any corporation debts that exist at the time the transfer is made. Neither may a subscriber for stock that is partially paid up, escape liability for the remainder of the subscription, by transferring his Installment certificates. If the person to whom these certificates are transferred, defaults in the payment of the remaining installments, the company retains the right to collect them from the original subscriber.

The holder of either a stock or an installment certificate may transfer it by a proper and legally certified assignment, a form of which is usually printed on the back of the certificate.

Transferring Installment Certificates. When an installment certificate is transferred and the transferee presents it for record, the transferred certificate is cancelled (usually by writing across the face in red ink the word "transferred") and re-attached to its original stub. A new certificate for the same amount is then issued to the transferee. The person who made the transfer is then credited in the Installment Ledger for the amount of the stock transferred, and the account of the transferee is debited for the same amount.

Should the holder of a certificate wish to transfer a portion of his holdings, and for an amount not represented by any certificate held by him, he first surrenders the certificate (or certificates) already issued, which is cancelled and re-attached to the original stub. Other certificates are then issued equal in amount to the certificate surrendered, and of whatever denominations are desired. The subscriber is credited in the Installment Ledger for the certificates surrendered, and debited for those re-issued. Either of the new certificates may then be transferred as previously explained.

Transferring Stock Certificates. Stock Certificates are transferred in the same manner as installment certificates, but the entries made in the Stockholders' Ledger are *just the opposite* of those required in the Installment Ledger, that is, when a stock certificate is surrendered the stockholder is *debited*, and when a certificate is issued the stockholder is *credited*. The reason for this difference is obvious, since, in the Installment Ledger, the holder is *debited* for stock subscribed, while in the Stockholder's Ledger he is *credited* for all shares issued.

There should be records in the Installment Ledger or the Stockholder's Ledger for every certificate issued, surrendered, transferred, or re-issued. For an illustration of the manner of recording transfers, see the account with R. C. Venable in the Installment Ledger on page 14, also in the Stockholder's Ledger page 16.

The Corporation by-laws should always provide that transfers of stock shall be recorded in the corporation books. Otherwise, it would be impossible to know who the stockholders of a corporation are; neither would it be possible for the corporation bookkeepers to know what persons are entitled to dividends or liable for assessments, or for the officers to know the number of votes which the several stockholders are entitled to cast at elections, etc.

When assessments are to be levied or dividends declared, it is customary to close the books against transfers for a short time before the assessment or dividend is to be paid. This is necessary in order that the bookkeepers may have time to make the proper apportionment among the stockholders.

Levying and Collecting Assessments.

Stock may be assessable or non-assessable, according to the agreement under which it is issued. When assessments are permitted, they may be levied either by the directors of the corporation, or by a vote of the stockholders, as may be determined by the by laws of the corporation or by the statutes of the state in which the incorporation was made.

If assessments are not paid, the stock may, after due notice, be declared forfeited and may then be sold, the proceeds being used to pay the assessment, and the remainder, if any, being returned to the person whose stock was sold. There is much variation in the laws of the several states, as to the terms and conditions governing assessments and the forfeiture of stock for non-payment.

Assessment Book. When an assessment has been decided upon, a list of the stockholders is made in the Assessment Book, a form of which is shown on page 17. If there are but a few stockholders, and if assessments are seldom made, a special book is not required, an assessment list being simply made out on a sheet of paper ruled for the purpose. The assessment list shows the number of shares upon which each stockholder is assessed, the amount, date of payment, etc. The assessment lists are numbered in the order the assessments are made, the first list being "No. One," the second "No. Two," and so on.

Notice of Assessment. When an assessment has been levied, a proper notification, duly signed by the president and the secretary of the company, should be mailed to each stockholder.

The following would be an appropriate form for such notification:

HAMPTON, ILL., June 17, 1901.

Mr. N. A. Walters, Vinton, Iowa.

Dear Sir:—At a legally called meeting of the stockholders of the Hampton Milling Co., which was held at the company's office in this city on June 15, 1901, it was decided by a majority vote of the stock represented at said meeting, to levy an assessment of five (5) per cent of the par value of all the common stock of said company, the same to be payable in cash to C. W. Moore, treasurer, at the company's office in this city, on or before July 1, 1901.

It was further voted that payments of said assessments, if not made on or before Aug. 1, 1901, should be declared delinquent, and that all stock upon which said assessments had not been paid should, after published notice, be sold at public vendue on Sept. 1, 1901, at two o'clock p. m. at the company's office in this city.

The amount of the said assessment standing against your name as holder of Certificate No. 12, Fifty Shares, is Two Hundred and Fifty Dollars ($250) and you are hereby notified to pay the same in accordance with the terms of this notification.

Very respectfully,

J. B. WILSON, President.
CHAS. S. BLAKE, Secretary.

NOTE.—In some states the law provides that notices of assessment may be legally made by publication for a specified period in any newspaper of general circulation in the community where the company is located.

Declaring and Distributing Dividends.

Dividends are usually declared by a majority vote of the Board of Directors, and they can be legally paid out of accumulated profits only.

When sufficient gains have been made to justify the declaring of a dividend, the books are closed in the usual manner, after which the Loss and Gain Account is closed into "Surplus" and "Dividend No. One," a journal entry being made in the following form:

Loss and Gain	$13767.25	
Dividend No. 1		12500.00
Surplus		1267.25

For net gains carried to Div. No. One and Surplus for a five per cent dividend on the issued stock, $250,000.

NOTE.—The dividend accounts are designated by number, and in the order in which the several dividends are declared.

A list of the stockholders is then made out in the Dividend Book, the several columns being filled out, as shown in the form of this book on page 17.

When the dividends are paid, an entry is made on the credit side of the Cash Book as follows:

Dividend No. 1	12500

For dividends paid as per Dividend Book, page 17.

Illustrative Example.

To afford the student an illustration of the practical use of the books described in the preceding pages, and of the general procedure required, we now assume the organization of a corporation, the Glendale Creamery Co., of Cedar Rapids, Iowa, and give in their order the assumed facts, and, in complete form, the various books and entries required.

The student is recommended to study these books and entries carefully, and in connection with the description of the books as previously given.

Memoranda of the Glendale Creamery Co.

1.

A number of persons having interested themselves in the formation of this company, and promises having been secured for sufficient stock subscriptions to justify its incorporation, the several incorporators held a meeting for the purpose of effecting a temporary organization, and attaching their signatures to a Stock Subscription Agreement.

The following minutes of this meeting appear on the Minute Book:

CEDAR RAPIDS, IOWA, March 1, 1900.

Upon the above date the proposed incorporators of the Glendale Creamery Co. held a meeting at the office of John S. Cooper, in the city of Cedar Rapids, for the purpose of attaching their signatures to a Stock Subscription Agreement, and for the purpose of taking steps for the permanent and legal organization of the company.

John S. Cooper was elected chairman and T. S. Maynard secretary.

The chairman then announced that promises had been secured for subscription of the entire amount of stock of the proposed corporation, and he suggested that before proceding further, the incorporators present attach their signatures to the Stock Subscription Agreement, and that the same be duly certified to, and made a part of the company records. The suggestion was complied with, and subscriptions of stock to the amount of Fifty Thousand Dollars were duly signed and certified.

Moved by Mr. Stacy that a committee of three incorporators be appointed by the chairman to prepare Articles of Incorporation, said committee to make its report at a meeting to be subsequently called by the chairman. The motion was carried and the following gentlemen were appointed by the chairman to serve on such committee:

Chas. M. Stacy, Homer Allen, and M. F. Thompson.

After some further informal discussion of the prospects and affairs of the proposed company, the meeting was adjourned subject to the call of the chairman.

T. S. MAYNARD,
Secretary.

Approved March 5, 1900.
JOHN S. COOPER,
President.

The following is the Stock Subscription Agreement, as signed and certified at the meeting referred to:

Stock Subscription Agreement.

CEDAR RAPIDS, IOWA, March 1, 1900.

We, the undersigned, hereby subscribe for shares of stock in the Glendale Creamery Co., a corporation to be organized under the laws of the State of Iowa, the same to have a capitalization of Fifty Thousand Dollars ($50,000), to be divided into Five Hundred (500) Shares of One Hundred Dollars ($100) each. The said shares subscribed for are of the numbers and amounts hereunto set opposite our names, and are to be paid for in full under such rules as may hereafter be legally adopted by the incorporators of said company.

NAME.	RESIDENCE.	NO. OF SHARES.	AMOUNT.
Chas. M Stacy	Cedar Rapids, Ia.	One Hundred	$10000
Homer Allen	Marion, Ia.	Fifty	5000
R. C. Venable	Marion, Ia.	One Hundred and Fifty	15000
John S. Cooper	Cedar Rapids, Ia.	One Hundred	10000
M. F. Thompson	Cedar Rapids, Ia.	Seventy-Five	7500
T. S. Maynard	Cedar Rapids, Ia.	Twenty Five	2500

Personally appeared before me, a Notary Public in and for the County of Linn, State of Iowa, the persons whose names are hereunto recorded, and who in my presence voluntarily signed the same, as subscribers for stock in the Glendale Creamery Co., to the amounts set opposite their names in the foregoing Stock Subscription Agreement.

In witness whereof, I have hereunto set my name and the official seal of my office, at the City of Cedar Rapids, County of Linn, State of Iowa, this first day of March, 1900.

JOHN S. COOPER,
Notary Public.

[SEAL]

NOTE—The following Stock Subscription Agreement illustrates the form required for the incorporation of a partnership business in which the partners are to receive paid-up stock for their respective interests, other stock being subscribed by outside parties.

STOCK SUBSCRIPTION AGREEMENT FOR THE FORMATION OF THE DELAVAN HARDWARE CO.

ARCADE, WIS., Jan. 1, 1901.

We, the undersigned, hereby agree to subscribe for the number of shares and amounts of stock set opposite our names, in the Delavan Hardware Co., an incorporation to be formed under the laws of the State of Wisconsin, and in accordance with the following conditions, to wit: The members of the firm of Delavan, Randall & Co., in consideration of the legal transfer of all their interest in the property, business and good will, or other resources of said firm, also their liabilities which are to be assumed by the proposed incorporation, and all of which resources and liabilities are as set forth in the duly certified financial statement, of this date already submitted and hereby accepted, are to receive and have issued to them paid up stock in said proposed incorporation, as follows:—

Henry F. Delavan; Forty Shares, $4000.
John S. Randall; Thirty Shares, $3000.
Amos Long; Thirty Shares, $3000.

The shares subscribed for by the undersigned and which are to be paid for in cash at their par value, and at such time as may be determined by the directors of the corporation, are as follows:—

A. T. Smith; Ten Shares, $1000.
S. H. Day; Fifteen Shares, $1500.
P. S. Johnson; Twenty Shares, $2000.
R. W. Miller; Five Shares, $500.

2.

At a subsequent meeting on March 5, 1900, called to hear the report of the committee appointed at the meeting of March 1, a permanent organization was effected by the adoption of the following Articles of Incorporation and by the election of the officers named:

Articles of Incorporation for the Glendale Creamery Co. of Cedar Rapids, Iowa.

We, the undersigned, desiring to form ourselves into a body corporate, under the laws of the State of Iowa, do, for this purpose adopt for our organization, and as a basis for said incorporation, the following Articles of Incorporation.

ARTICLE I.

The name of this corporation shall be The Glendale Creamery Co., and its principal place of business shall be Cedar Rapids, in the County of Linn, State of Iowa.

ARTICLE II.

The purpose for which this corporation is formed is the carrying on of a general dairying and milk supply business, both wholesale and retail, and the manufacture and sale of dairy products of all kinds, also the acquisition of lands, buildings, machinery and such other property as may be necessary for carrying on the said business, and to do such other acts as are usually done in connection with the management of said business.

ARTICLE III.

The amount of the Capital Stock of said corporation shall be Fifty Thousand Dollars ($50,000) to be divided into Five Hundred Shares of One Hundred Dollars ($100) each, the same to be issued only when paid for in cash or its equivalent.

ARTICLE IV.

This corporation shall be deemed to be in legal existence, and its officers, qualified to do business in its name from and after the filing of these Articles of Incorporation, in the Office of the Secretary of State for the State of Iowa, due notice of the same having been received by the corporation secretary, and shall continue in existence thereafter for the period of twenty-five years, unless sooner legally dissolved.

ARTICLE V.

The officers of this corporation shall comprise a President, Vice President, Secretary, Treasurer, and a board of five directors, two of whom shall be the President and the Secretary of the corporation, who shall respectively serve as the President and Secretary of the Board of Directors. These officers shall be chosen at the regular annual meeting of the corporation, and their terms of office shall continue until their successors have been chosen and have qualified.

The duties of said officers shall be such as may be prescribed in the By-Laws of the corporation, to be hereafter adopted by said Board of Directors, as hereinafter provided for.

ARTICLE VI.

The affairs of this corporation, in so far as they are not regulated by these Articles of Incorporation or by the majority vote of the incorporators at any legal meeting, shall be under the control of the Board of Directors, who shall hold meetings, adopt By-Laws, and take such action as to the affairs of the company, as may seem to them advisable.

ARTICLE VII.

The regular annual meetings of this corporation shall occur on the first Tuesday in April, of each year, at such place and hour as may from time to time be designated by the Board of Directors. Until the occurrence of the first annual meeting, on the first Tuesday in April, 1901, the following persons are hereby elected to serve in the offices designated.

President—John S. Cooper.
Vice President—Homer Allen.
Secretary—T. S. Maynard.
Treasurer—Chas. M. Stacy.
Directors—John S. Cooper, T. S. Maynard, M. F. Thompson, R. C. Venable, Chas. M. Stacy.

ARTICLE VIII.

At all stockholders' meetings, each stockholder shall have one vote for each share of stock owned by him, as shown by the books of the corporation.

ARTICLE IX.

The greatest amount of indebtedness for which this corporation shall make itself liable, shall not at any time exceed two-thirds of its capital stock.

ARTICLE X.

The money of this corporation shall be paid out only by the treasurer, and upon warrants duly signed by the president and the secretary, and there shall be kept in the offices of the secretary and the treasurer, all needed books and accounts necessary to show plainly and completely the financial transactions of these officers, the same to be always accessible to any stockholder who may wish to inspect them during regular business hours.

ARTICLE XI.

These Articles of Incorporation may be amended at any regular meeting, or at any meeting called for the purpose, by a two-thirds majority of all stock voted.

Witness our hands this 5th day of March, 1901.

JOHN W. COOPER.
T. S. MAYNARD.
M. F. THOMPSON.
R. S. VENABLE.
HOMER ALLEN.
CHAS. M. STACY.

NOTE.—The Articles of Incorporation may contain any other general regulations that the stockholders may wish to embody in them, but any minor matters, such as relate to the duties of officers, the order of business meetings, etc., should be included in the by-laws, the formulation and adoption of which are usually left to the Board of Directors.

3.

Upon the adoption and signing of the Articles of Incorporation, the document was recorded in the office of the County Recorder and a copy was sent for record to the office of the Secretary of State, accompanied by the legal fees.

When the Articles of Incorporation were returned with the certificates of record duly attached, they constituted the "Charter" of the corporation, which now began its legal existence.

4.

Upon the receipt of the Charter, the President called a meeting of the Board of Directors, which was held on March 20, 1900, and at this meeting it was decided to call in an installment of twenty-five per cent of the stock subscribed, the same to be due and payable to the Treasurer on March 22, 1900.

The Secretary also made out Installment Certificates for each stockholder, the accompanying form illustrating the one made out for Chas. M. Stacy:

Form of Installment Certificate.

Installment Certificate.

No. *1*

March 21, 190*0*

Per cent *25*

No. Shares *100*

Amount, *$2500 00*

Received the attached Certificate.

Chas. M. Stacy

Amount, *$2500.00* *100* **Shares.**

Installment Certificate No. *1*

Issued by

GLENDALE CREAMERY CO.,

CEDAR RAPIDS, IOWA, *March 21*, 190*0*

THIS CERTIFIES THAT *Chas. M. Stacy*, has to his credit in the treasury of this Company the sum of *Two Thousand Five Hundred* Dollars, the same being the *first* installment of *25* per cent of *100* shares due *March 21, 1900*

This certificate is transferable only on the books of this company, upon surrender of same by the holder or his lawful representative.

In evidence whereof we have duly affixed our signatures and the corporate seal this *21st day of March*, 1900.

T. S. Maynard, Secretary. *John W. Cooper*, President.

[SEAL]

At this meeting action was taken as to the salaries to be received by the officers, a corporate seal was adopted, a superintendent and manager was elected, a committee of directors was appointed

to report upon a site for the company's plant, and to advertise for plans for buildings, bids for machinery, etc. The secretary was also authorized to purchase any needed books or other office equipment that might be necessary for conducting the affairs of the corporation, the same to be paid for out of the first funds that should be paid into the treasury. The Second National Bank of Cedar Rapids was chosen as the bank of deposit for the corporation funds.

5.

The installments called for March 21, having been duly paid and certificates issued therefor, the Installment Book stands as follows:

Installment No. 1

Comprising payments of an installment of 25 per cent of the Capital Stock of Glendale Creamery Co., called for at a meeting of the Board of Directors on Mar. 20 1900, and due Mar. 21 1900.

STOCKHOLDERS.	NO. OF SHARES.	AMOUNT.	NO. OF CERT	AMOUNT RECEIVED.	L. F	DATE.
Homer Allen	50	1250	1	1250	1	March 21
John W. Cooper	100	2500	2	2500	1	" "
M. F. Thompson	75	1875	3	1875	1	" 22
T. S. Maynard	25	625	4	625	1	" "
R. C. Venable	150	3750	5	3750	2	" "
Chas. M. Stacy	100	2500	6	2500	2	" 23
Totals	500	12500		12500		

6.

On June 1, the directors issued a call for another installment of stock subscriptions to the amount of 50 per cent, payable June 10, which installment was duly paid by the stockholders. On Oct. 15, a call was issued for the third and final installment of 25 per cent, payable Oct. 20, which was duly paid, except the installment due from M. F. Thompson, payment of which was deferred until Dec. 1. During this period, and before the final installments were paid, several transfers of installment certificates had been made.

The forms on page 14 illustrate the several Installment Ledger accounts as they appeared on Nov. 1. The student is advised to study each entry on these accounts, in connection with the memoranda of transfers.

Notice that each account is debited for the shares originally subscribed and for each installment certificate subsequently issued; also, that each account is credited whenever an installment is paid or when a certificate is surrendered and cancelled.

When all installments are paid or when a subscriber transfers all his stock, the account is closed. (Why is the account with M. F. Thompson not closed?)

The following are the transfers of installment certificates made prior to the closing of the several accounts:

Apr. 10, T. S. Maynard transfers his 25 shares to John W. Cooper.

Apr. 25, M. F. Thompson transfers twenty shares to Chas. M. Stacy. Mr. Thompson first surrenders his installment certificate No. 3 (for installment No. 1, 75 shares) and has two other certificates issued to him (Nos. 8 and 9.) He is first credited for the unpaid portion of the shares surrendered (75 per cent of $7500, or $5625.) If he had transferred all his shares, his account would now be in balance, but as he wishes to transfer but twenty shares, he is charged for the unpaid part of the shares represented by the two new certificates to be issued to him, one for twenty and the other for fifty-five shares. As he now transfers the twenty shares, he is credited for the unpaid amount of these ($2000 x 75 per cent or $1500) and Mr. Stacy to whom they are transferred is debited for them. In studying these transfers, remember that the Installment Ledger *must show an entry for every certificate surrendered, transferred,* or *issued.*

Installment Ledger.

CHAS. M. STACY, Cedar Rapids, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	100	Subscribed	100		10000	Mar. 23					1	100	25	6	2500
Apr. 25	20	M. F. Thompson	75	10	1500	June 10					2	120	50	15	6000
						July 6	20	T. B. Spencer	25	10					500
						Oct. 18					3	100	25	23	2500
					11500										11500

HOMER ALLEN, Marion, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	50	Subscribed	100		5000	Mar. 21					1	50	25	1	1250
Sept. 1	25	Reissued	25	17	625	June 6					2	50	50	11	2500
Sept. 1	25	"	25	18	625	Sept. 1	50	Surrendered	25	1-11					1250
						Sept. 1	25	R. C. Venable	25	17					625
						Oct. 21					3	25	25	24	625
					6250										6250

R. C. VENABLE, Marion, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	150	Subscribed	100		15000	Mar. 22					1	150	25	5	3750
Sept. 1	25	Homer Allen	25	19	625	June 8					2	150	50	13	7500
						Oct. 17					3	175	25	22	4375
					15625										15625

JOHN W. COOPER, Cedar Rapids, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	100	Subscribed	100		10000	Mar. 21					1	100	25	2	2500
Apr. 10	25	T. S. Maynard	75	7	1875	June 7					2	125	50	12	6250
						Oct. 16					3	125	25	21	3125
					11875										11875

M. F. THOMPSON, Cedar Rapids, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	75	Subscribed	100		7500	Mar. 22					1	75	25	3	1875
Apr. 25	20	Reissued	75	8	1500	Apr. 25	75	Surrendered	75	3					5625
Apr. 25	55	"	75	9	4125	Apr. 25	20	Chas. M. Stacy	75	8					1500
						June 9					2	55	50	14	2750

T. S. MAYNARD, Cedar Rapids, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
Mar. 1	25	Subscribed	100		2500	Mar. 22					1	25	25	4	625
						Apr. 10	25	John W. Cooper	75	4					1875
					2500										2500

T. B. SPENCER, Vinton, Iowa.

DATE.	NO. OF SH'R'S	SUBSCRIBED, RE ISSUED OR TRANSFERRED BY	PER CENT UNP'ID	NO OF CER.	AM'TS DR.	DATE.	CERTIFICATES SUR OR TRANS'D NO OF SH'R'S	TRANSFERRED TO OR SUR.	P. C. U'P'D	CER. NO	INSTALLMENTS PAID. INST. NO	NO. OF S'H'S	PER CENT	CER. NO	AM'NT CR.
1900						1900									
July 6	20	Chas. M. Stacy	25	16	500	Oct. 15					3	20	25	20	500

July 6, Chas. M. Stacy transferred twenty shares (Cer. No. 10) to T. B. Spencer, Vinton, Iowa.
Sept. 1, Homer Allen transferred twenty-five shares to R. C. Venable.

Whenever a subscriber paid his final installment the secretary issued to him a stock certificate representing the total number of paid up shares to which he was entitled.

The accompanying form illustrates the certificate for 100 shares that was issued to Chas. M. Stacy when he paid his final installment on Oct. 18. At this time Mr. Stacy's account in the Installment Ledger being in balance, is ruled up and closed. An account with him is immediately opened in the Stockholder's Ledger, and he is credited with his 100 shares of paid up stock.

Form of Stock Certificate.

Certificate No. *One*

For *One Hundred* Shares

ISSUED TO

Chas. M Stacy

Cedar Rapids, Ia.

Dated *Oct. 18* 190*0*

FROM WHOM TRANSFERRED

Dated 190

No. Original Certificate	No. Original Shares	No. of Shares Transferred

Received Certificate No. *One*

for *110* Shares

this *18th* day of *October* 190*0*

Chas. M. Stacy

SHARES $100 EACH.

Glendale Creamery Company

STATE OF *Iowa*

Capital Stock $*50,000.00* Certificate No. *1*

This Certifies That *Chas. M. Stacy*

is the owner of *One Hundred* Shares of the Capital Stock

of *the Glendale Creamery Company*

fully paid, transferable only on the Books of the Corporation, by him or his attorney, upon surrender of this Certificate.

In Witness Whereof the officers of this Corporation have hereunto subscribed their names and caused the Corporate Seal to be hereto affixed at

Cedar Rapids, Ia. this *18th* day of *October* 190*0*

T. S. MAYNARD — Secretary

JOHN W. COOPER — President

7.

The forms on page 16 show the several accounts in the Stockholder's Ledger as they appeared on March 1, 1901, and after the following transfers of stock had been made :—

November 15, T. B. Spencer to J. M. Stokes of Marion, Iowa, 20 shares.
December 28, M. F. Thompson to Homer Allen 55 shares.
January 25, 1901, R. C. Venable to J. W. Cooper, 50 shares. Mr. Venable surrenders his certificate No. 3 for 175 shares and has four other certificates issued, three for 50 shares, and one for 25, transferring one of the former to Mr. Cooper.

8.

On March 1, 1901, a special meeting of the Board of Directors was called to consider the finances of the company. It was found that the available capital had been largely expended in the purchase of plant, machinery, stock, etc, and that the payment of obligations soon to mature would produce a deficit in the funds. As it would be several months before profits would begin to accrue from the business, it was voted to levy a cash assessment of ten per cent on the capital stock, the same to be due and payable on or before March 15, 1901, and to be declared delinquent if not paid by May 1, 1901.

An assessment list was accordingly made out, and the form on page 17 shows this list as it appeared on the day of delinquency, May 1, 1901.

Stockholders' Ledger.

T. B. SPENCER, Vinton, Iowa.

SHARES TRANSFERRED OR SURRENDERED.						SHARES ISSUED, RE-ISSUED OR TRANSFERRED.						
DATE.		NO. OF SH'R'S	TRANSFERRED TO	NO. OF CERT	AMOUNT DR.	DATE.		NO. OF SH'R'S	TRANSFERRED BY	NO. OF CERT	AMOUNT CR.
1900 Nov.	15	20	J. M. Stokes	1	2000	Oct.	21	20	Issued	1	2000

JOHN W. COOPER, Cedar Rapids, Iowa.

						1900 Oct.	16	125	Issued	2	12500
						1901 Jan.	25	50	R. C. Venable	13	5000

R. C. VENABLE, Marion, Iowa.

1901 Jan.	25	175	Surrendered	3	17500	1900 Oct.	17	175	Issued	3	17500
	25	50	J. W. Cooper	11	5000	1901 Jan.	25	50	Re-issued	9	5000
							25	50	"	10	5000
							25	50	"	11	5000
							25	25	"	12	2500

CHAS. M. STACY, Cedar Rapids, Iowa.

						Oct.	19	100	Issued	4	10000

HOMER ALLEN, Marion, Iowa.

						1900 Oct.	21	25	Issued	5	2500
						Dec.	28	55	M. F. Thompson	8	5500

M. F. THOMPSON, Cedar Rapids, Iowa.

1900 Dec.	28	55	Homer Allen	6	5500	1900 Dec.	1	55	Issued	6	5500

J. M. STOKES, Marion, Iowa.

						1900 Nov.	15	20	T. B. Spencer	7	2000

Assessment List No. One.

For Ten (10) per cent of the Capital Stock of the Glendale Creamery Company, levied March 1, 1901, and due March 15, 1901. Delinquent May 1, 1901.

STOCKHOLDERS.	ADDRESSES.	NO OF SH'R'S	AMT. OF ASSESSMENT.	AMT. PAID.	DATE.		REMARKS.
John W. Cooper	*Cedar Rapids, Ia.*	*175*	*1750*	*1750*	*Mar.*	*16*	*Cash*
R. C. Venable	*Marion, "*	*125*	*1250*	*1250*	*Mar.*	*18*	*Pd with note at 60 days*
Chas. M. Stacy	*Cedar Rapids, "*	*100*	*1000*	*1000*	*Mar.*	*14*	*Cash*
Homer Allen	*Marion, "*	*80*	*800*	*800*	*Mar.*	*19*	*Cash*
J. M. Stokes	*Marion "*	*20*	*200*	*200*	*Mar.*	*15*	*Note at 30 days*
	Totals	*500*	*5000*	*5000*			

NOTE: This list is made out from the Stockholders' Ledger, as it stood on the day the assessment is levied. Pending the preparation of an assessment list, the books are closed against stock transfers. At the time an assessment is paid, the stockholder is given a receipt for the amount paid.

9.

The plant having been in successful operation for a number of months, the books were closed on Nov. 1, 1901, when it was found that the net profits of the season amounted to $3256.75, that there was salable merchandise on hand to the amount approximately of $4000, and cash in bank, $8600. As there were no obligations, the discharge of which could not safely be met at maturity by future receipts, it was decided that the conditions warranted the declaring of a dividend. Accordingly the directors ordered that a Cash Dividend of five per cent of the capital stock be declared, the same to be due and payable on Nov. 15, 1901. Thereupon the bookkeeper made entries in the Dividend Book as per the accompanying form, and checks for the amounts due were mailed to the several stockholders.

Dividend Book.

Dividend No. *1.* Per Cent *5*

Dividend *Nov. 1, 1901.* Payable *Nov. 15, 1901.*

STOCKHOLDERS.	ADDRESSES.	NO. OF SHARES.	AM'T OF DIVIDEND.	WHEN PAID.		REMARKS.
John W. Cooper	*Cedar Rapids, Ia.*	*175*	*875*	*Nov.*	*15*	*Check No. 85*
R. C. Venable	*Marion, "*	*125*	*625*	*"*	*15*	*" " 87*
Chas. M. Stacy	*Cedar Rapids, "*	*100*	*500*	*"*	*15*	*" " 88*
Homer Allen	*Marion, "*	*80*	*400*	*"*	*15*	*" " 90*
J. M. Stokes	*" "*	*20*	*100*	*"*	*15*	*" " 92*
	Totals	*500*	*2500*			

NOTE—Dividends may be paid at the company's office, the stockholders appearing personally, receiving their money, and receipting for the same, or, especially if there are a number of stockholders, not all of whom may live near where the company's business is conducted, it may be found more convenient simply to mail to each stockholder a check for the amount, which, when endorsed and returned, constitutes a sufficient receipt. The latter method is followed by most large concerns.

Entries Required by Transactions in the Foregoing Memoranda.

1. As the company at the time of its organization owns no tangible property, no entry is required until the first installment is paid. At this time entries are made on the debit side of the Cash Book for the several installments as they are paid, the following being the form of entry:

Mar. 21. Subscription.....3750
For installment No. 1 paid by Homer Allen and John S. Cooper per Installment Book this date.

These several entries are then posted to the credit of the Subscription Account in the General Ledger. When all the Installments have been paid, this account will stand credited with the full amount of the capital stock.

2. When the final installment is paid by a stockholder, and a stock certificate is issued, an entry is made in the Journal, debiting Subscription and crediting Capital Stock. The following is the form of entry required:

Oct. 16. Subscription.....2000
Capital Stock..... 2000
For 20 shares issued to T. B. Spencer per Certificate No. 2.

When all the stock has been issued and the several entries posted, the Subscription Account will be in balance and should be ruled up and the Capital Stock Account will stand credited with the entire amount of paid-up stock.

3. When the Assessments levied on Mar. 5 are paid, Cash is debited to Assessment No. 1, as follows:

Mar. 15. Assessment No. 1 for 10 per cent of.....1750
175 shares owned by John W. Cooper.

When the assessments are all paid and the payments posted, the account with Assessment No. 1 will stand credited with the whole sum levied, or $5000. The student will note that this account, while representing a *loss* to the individual stockholders, stands for a *gain* to the corporation, since it represents an increase in the working capital of the corporation for which there is no corresponding outlay. Hence in closing the books, this account is properly included with the gains, although it represents an outlay on the part of the individual stockholders, for which there is apparently no return. In reality, however, this account simply stands for an increase in the investment which is not represented by a corresponding enlargement of the Capital Stock. It is not really a loss to the stockholders, since it, presumably, is devoted to making their business more valuable. Neither is it really a gain to the business, since it does not represent actual profits.

Instead of levying an assessment when a corporation needs an increase in its working capital, it is now more usual to provide for a further increase of stock, or to issue bonds or other interest-bearing obligations upon which money may be borrowed.

When an increase in the working capital is anticipated at the time the corporation is organized, a certain amount of the capital stock is withheld from subscription, and reserved as "Treasury" or "Surplus" stock, to be sold at any time when it may be required to increase the funds of the company. Should it not be found necessary to sell this stock, it may subsequently de distributed among the stockholders in the form of a "Stock Dividend," certificates for the stock being issued, instead of cash, as in the case of an ordinary dividend.

4. At the time the books are closed preparatory to declaring the dividend as ordered on Nov. 1, the Loss and Gain Account is closed into "Surplus" and "Dividend No. 1," as per the following Journal Entry :—

Loss and Gain	3256.75	
Dividend No. 1		2500.00
Surplus		756.75

For net gains carried to Surplus and Dividend No. 1, for 5 per cent of issued stock, $50,000.

When the dividends are paid the following credit entry is made in the Cash Book :—

Dividend No. 1	2500	

For dividends paid as per Div. Book, page 1.

When the above entries are posted, the accounts with Loss and Gain and Dividend No. 1 will be in balance and should be ruled up, while the Surplus Account will represent undistributed profits to the amount of $756.75, that may either be subsequently distributed by means of another dividend, or kept in reserve to cover possible losses, etc.

The balance of the Surplus Account is treated as a liability when the books are closed.

Entries for Other Conditions of Openings.

To the Student. Study carefully the following conditions and the entries given, after which write up the required entries for the test exercises that follow.

Condition Number One.

A corporation is capitalized for $60,000; of this amount $50,000 is subscribed for, and the remaining $10,000 is reserved as Treasury Stock.

Required Entries. At the time the reserve is made this entry is made in the Journal:—

Treasury Stock	10000	
Capital Stock		10000

For amount of stock reserved to be disposed of as future exigencies may require.

When Treasury Stock is sold, debit Cash (or whatever is received) and credit "Treasury Stock."

When the Stock is issued, no entry is required in the Journal, since the Stock has already been passed to the Capital Stock Account.

This method of entry will, when all stock is issued, leave the "Treasury Stock" account in balance, and the "Capital Stock" account credited with the entire amount of issue.

The Treasury Stock of a company may be sold for less or more than its face or "par" value, according as its market price, may vary. In this case the margin of discount or premium is carried to an account called "Stock Discounts and Premiums."

The following entries illustrate those required when Treasury Stock is sold below or above par.

Cash	4750	
Stock Discounts & Premiums	250	
Treasury Stock		5000

For fifty shares of Treasury Stock sold this day at 5 per cent below par, and issued to F. M. Brown.

Cash	2550	
Stock Discounts & Premiums		50
Treasury Stock		2500

For twenty-five shares Treasury Stock sold this date at 2 per cent. above par, to N. S. French.

Condition Number Two.

The printing house of S. T. Jones & Co., that has been conducted as a partnership by S. T. Jones, James Long and A. H. Platt. is to be incorporated, under the name of the Jones Printing Co., under a capitalization of $45,000, to consist of 900 shares of $50 each.

Of these, the three partners are to receive 300 shares each of paid-up stock for their respective interests. The assets of the business, as turned over to the corporation by the partnership are as follows:—

Cash		$ 5000.00.
Plant.	(Presses, Machinery, type, etc.)	20000.00.
Mdse.	(Paper, blanks, and other salable products per Invt.)	3528.75.
Bills.	(Receivable notes rec'd. in settlement of outstanding accounts).	2348.20.
		$30876.95

Required Entries. It is assumed that the partnership books have been closed, that a satisfactory adjustment of previous gains or losses has been effected, that the books previously used in the business are to be continued, and that the respective partner's accounts stand credited with the total amount of net capital as follows:

S. T. Jones	Cr.	$10756.50.
James Long	Cr.	9873 80.
A. H. Platt	Cr.	10246.65.
		$30876.95.

The following entry is now made in the Journal:—

S. T. Jones,	10756.50	
James Long	9873.80	
A. H. Platt	10246.65	
Franchise	14123.05	
Capital Stock		45000

For capitalization of Jones Printing Co. as this day agreed upon, and as per closing statement of the books of S. T. Jones & Co., for Jan. 15, 1901. The above entry, when posted, will close the partners' accounts, and leave the books in balance as follows:—

	Dr.	Cr.
Cash	5000	
Plant	20000	
Mdse	3528.75	
Bills. Rec	2348.20	
Franchise	14123.05	
Capital Stock		45000

The Franchise Account, as here employed, shows the difference between the actual working capital of the business, and the Capital Stock. It may represent that part of the concern's resources which is implied by the term "good will," or it may stand for those "future prospects" which are assumed to render the total value of the business greater than the mere amount of its visible assets. The great majority of corporations are capitalized for amounts much beyond the inventories of their working capital, or assets, and the Franchise Account is a convenient title under which to include this seniorage of capital.

Note —The Franchise Account is so called. because it frequently represents (especially in street car, gas, or other municipal corporations) the value covered by a franchise owned by the company.

Condition Number Three.

The hardware business hitherto conducted by the partnership firm of Wade & Miller is to be incorporated under the name of the Western Hardware Co., according to agreement as follows:—

The capitalization is to be for $40000, and to consist of 400 shares of $100 each. J. H. Wade is to receive 150, and E. B. Miller 100 paid up shares for their respective interests in the business to be incorporated. Other parties subscribe for stock as follows:—

Arthur Nelson.....50 shares.
S. T. Boone.....25 shares.
S. Lindsay.....15 shares.
P. J. Norman.....10 shares.

Fifty shares are to be reserved as Treasury Stock, to be disposed of as the stockholders may determine.

At the time of the incorporation, the resources and liabilities of the firm of Wade & Miller are as listed in the following statement:—

Resources:

Cash on hand and in bank	2568.20
Mdse. per inventory	9256.90
Chattels per inventory	1562.10
Real Estate, Store Building and Lot (estimated)	6000.00
Bills Receivable	642.50
Accounts Receivable	2429.40
Interest accrued on accounts and notes	75.00

Liabilities:

Bills payable		179.
Accounts Payable.		1121.40
Interest accrued on notes		25.
J. H. Wade, Partner		12132.55
E. B. Miller, Partner		9076.15
	22534.10	22534.10

It is decided that the stock subscribed shall be paid in in four equal installments one month apart, the first installment to be due and payable immediately. This installment is accordingly paid in Cash.

Required Entries. When Wade and Miller receive their stock the following Journal entry is made:—

J. H. Wade.....12132.55
E. B. Miller.....9076.15
Franchise.....3791.30
Capital Stock.....25000

For incorporation of Western Hardware Co. according to agreement this day entered into between J. H. Wade, E. B. Miller, Arthur Nelson, S. T. Boone, S. Lindsay, and P. J. Norman, and in accordance with an exhibit of the books of the firm of Wade & Miller as shown by closing statement of this date.

This entry closes the partners' accounts, shows excess of capitalization over net assets, and credits capital stock with the whole amount of shares issued.

When the first installment of this subscribed stock is paid, debit cash to subscription; and when this stock is issued, debit subscription and credit Capital Stock in the Journal as in the case of the Glendale Creamery Co., page 18.

The reserved Treasury Stock is shown by the following entry:—

Treasury Stock	5000	
Capital Stock		5000

For Fifty Shares of Treasury Stock in Western Hardware Co., which is reserved for future disposal as may hereafter be decided upon.

Suppose that, after a time, it is decided that the sale of Treasury Stock is unnecessary, and the directors should order it retired. This would be done by the following Journal entry:—

Capital Stock	5000	
Treasury Stock		5000

For Fifty Shares reserved Treasury Stock retired this date.

This entry would close the account with Treasury Stock, while the balance of the Capital Stock Account would show the amount of Capital Stock issued.

Condition Number Four.

Henry Bell, C. W. McCloud, and S. T. Smith have been conducting a tanning business under the firm name of McCloud, Bell & Co. They have decided to reorganize and incorporate their business under the following conditions:

The concern is to be capitalized for $30000, 300 shares of $100 each. The partners are to receive paid up stock for their respective interests as follows:

Henry Bell, 100 shares.
C. W. McCloud, 60 shares.
S. T. Smith, 40 shares.

Of the remaining capital stock, 75 shares are to be subscribed for by other parties and the remaining 25 shares to be held in reserve as Treasury Stock. The corporation is to be entitled "The McCloud Tanning Co."

On Jan. 10, 1901, the subscription stock has been subscribed as follows:

N. S Brown, 20 shares.
Chas. Halloran, 25 shares.
C. S. Atkins, 15 shares.
A. L. McGuire, 15 shares.

and the company was duly organized.

The following statement of the transferred assets and liabilities is submitted and accepted:

Assets:

Plant, machinery, tools, etc.	6567.80
Mdse., leather and hides on hand	5250
Operating products, tan bark, fuel, etc.	1275
Notes Receivable	426.50
Harmon Leather Co. on acct.	397.20

Liabilities:

Notes Payable	157.90
Union Market Co. on acct.	129.50

On Jan. 15, a cash installment of 25 per cent of the subscribed stock is paid, and the certificates of stock agreed upon are issued to the original partners.

At this time, a new set of corporation books are opened, the books of the former partnership being dispensed with.

On Jan. 20, the remainder of the stock subscriptions are paid in cash, with the exception of the subscription of A. L. McGuire, who gives his note at 60 days with approved security. The stock is then issued in full to all subscribers.

On Jan. 25, the 25 shares of Treasury Stock are sold to the Union Market Co., they receiving credit for the amount due on their account and paying cash for the balance.

On Apr. 25, the concern being in need of further capital to develop the business, the stockholders by mutual agreement, donated 20 per cent of the stock held by them, the same to be sold and the proceeds devoted to the business.

On May 2, 20 shares of the donated stock were sold at par to C. W. Johnson for cash.

On May 16, 10 shares of the donated stock were sold at 5 per cent below par to Arthur Williams, on his note at 30 days.

Required Entries.

When the statement of assets and liabilities of the former partnership is rendered and accepted and the stock issued, the following entry is made in the Journal:

Plant	6567.80	
Mdse	5250	
Operating Products	1275	
Bills Receivable	426.50	
Harmon Leather Co.	347.20	
Franchise,	6420.90	
Bills Payable		157.90
Union Market Co.		129.50
Capital Stock		20000.

For inventoried assets and liabilities this day transferred by the firm of McCloud, Bell & Co. to "The McCloud Tanning Co." in consideration of 200 paid up shares of the stock of said corporation and which have this day been issued as per agreement to the members of said firm.

In the foregoing entry no account is taken of the several partners' accounts, since these do not appear in the corporation books. Notice that the amount charged to Franchise is the difference between the sum of the assets, and the liabilities plus that portion of the Capital Stock issued to the former partners.

When the first installment is paid, the following entry is made on the debit side of the Cash Book:—

Subscription	1875
For cash installment (No. 1) by N. S. Brown, Chas. Halloran, C. S. Atkins, and A. L. McGuire per entries in Installment Book, this date.	

The Treasury Stock is provided for by the following Journal entry:—

Treasury Stock	2500	
Capital Stock		2500
For 25 shares Treasury Stock reserved.		

When the final installment on the subscribed stock is paid in, make debit Cash Book entry for portion paid in cash as follows:—

Subscription	4500
For Cash installment No. 2, bal. due on stock subscriptions of N. S. Brown, Chas. Halloran, and C. S. Atkins, per Installment Ledger this date.	

For the payment of remainder of A. L. McGuire's subscription with note, the following Journal entry is made:—

Bills Rec.....1125
Subscription 1125

For Installment No. 2, 75 per cent of A. L. McGuire's subscription of 15 shares paid with his note of this date.

Certificates of stock are then issued to the several subscribers, their accounts are closed in the Installment Ledger and opened in the Stockholders' Ledger, and the following Journal entry is made:

Subscription 7500
Capital Stock 7500

For 75 shares of paid-up subscription stock, issued this day as follows:—

N. S. Brown,	20	shares.
Chas. Halloran,	25	"
C. S. Atkins,	15	"
A. L. McGuire,	15	"

When the twenty-five shares of Treasury Stock are sold to the Union Market Co., make the following Journal entry:—

Cash 2370.50
Union Market Co. 129.50
Treasury Stock.....2500.

For 25 Shares Treasury Stock issued this day to Union Market Co. and paid for with offset of amount due them on our account, and cash per balance.

When the stock is donated by the several stockholders, the following Journal entry was made:

Donated Stock.....6000
Loss and Gain.....6000

For 20 per cent of the capital stock contributed pro rata, by the several stockholders and this day assigned to the McCloud Tanning Co. to be sold for the benefit of the business.

NOTE.—This method of raising necessary funds is often employed instead of levying an ordinary assessment. Like an assessment, the stock donated constitutes a clear gain to the business, since it is an acquired resource for which there is no corresponding outlay, and it is therefore debited and Loss and Gain is credited. It may be entered either at par or at its market value. The Donated Stock Account is credited when the stock is sold, and since it may be sold at variable prices, the account, when all the stock is sold, may show either a debit or a credit balance, according to whether it was sold for a greater or a less amount than that for which the account was originally debited. If a balance is shown when all the stock is sold, the account is closed into Loss and Gain.

When the 20 shares are sold to C. W. Johnson, the following entry is made in the Cash Book

Donated Stock..... 2000

For 20 shares sold at par to C. W. Johnson as per Cer. No. 9.

When the 10 shares are sold to Arthur Williams, the following Journal entry is made:

Bills Rec.....950
Donated Stock..... 950

For 10 shares sold at 5 per cent below par to Arthur Williams as per Cer. No. 10 on his note at 30 days.

EXERCISES.

Prepare entries (as specified) for each of the following schemes of Incorporation, referring, if necessary, to previous instructions.

NOTE.—Use loose Journal paper for the following exercises and make no entries in your blank books.

Corporation No. 1.

The Lawndale Manufacturing Co. is incorporated on Jan. 15, 1901, for $75000 (shares of $100). Of this amount $60000 is subscribed as follows:

C. R. Smith,	200 shares
M. Wilson,	125 shares
L. W. Neal,	150 shares
I. N. Thayer,	75 shares
A. C. Hill,	50 shares

The remaining 150 shares are reserved as Treasury Stock.

The subscription agreement is signed Jan. 15.

On Feb. 1, Mr. Smith pays Cash for his stock in full, and the remainder of the stockholders pay a cash installment of 75 per cent.

Mar. 1 they pay cash for the remainder, and their stock is issued.

Apr. 15, 50 per cent of the Treasury Stock is sold at par for Cash to C. W. Jones.

July 15, the remaining unissued Treasury Stock is retired.

Jan. 1, 1902, the books show net gains to the amount of $12569.50 from which a cash dividend of ten per cent is declared and paid.

Write all Journal and Cash Book entries required, with dates and explanations complete, and close net gains into Dividend and Surplus Accounts, as previously instructed.

Corporation No. 2.

H. B. Scott has been conducting a wagon and buggy manufactory which is to be incorporated under the name of The Scott Wagon & Buggy Co., as follows:—

Capital Stock, $40,000 (400 shares). Mar. 1, 1901, C. F. Miller subscribes 100 shares, and A. B. Clark and T. M. Cook 50 shares each. H. B. Scott has issued to him the remaining 200 shares paid up, in consideration of his transferring to the corporation the plant and equipment which are put in at the full valuation of the shares, $20000, and to be represented on the books by an account with "Plant and Equipment."

Mar. 5, C. F. Miller pays cash for his shares, and on Apr. 1, A. B. Clark and T. M. Cook, respectively, pay their subscriptions, one half in cash and their notes at 90 days for the balance.

July 1, the stockholders donate 10 per cent of their stock to be sold for the purpose of increasing the working capital.

July 15, 40 per cent of the donated stock is sold at par to R. B. Bryan for cash.

Aug. 1, the remainder of the donated stock is sold to A. P. Lane, at 5 per cent above par. Mr. Lane pays $2000 in cash and his note at 30 days for balance.

Dec. 1, the business shows a net profit of $3241.50, from which a cash dividend of five per cent is declared and paid.

Make complete Journal and Cash Book entries for all transactions and closings.

Corporation No. 3.

S. B. Marvin, L. Seymour and R. W. Evans have been conducting a grocery business under the firm name of S. B. Marvin & Co. They decide to incorporate the business under a capitalization of $30000, (600 shares of $50 each.) The corporation to be known as "The Western Grocery Co."

For their present interest in the business, the partners are to receive stock as follows :—

S. B. Marvin,	150 shares.
L. Seymour,	175 "
R. W. Evans,	75 "

One hundred shares are to be taken by A. B. Snow and to be paid for in Cash, and the remaining one hundred shares are to be reserved as Treasury Stock.

The above arrangement was effected and the shares issued May 1, 1901, and on this date the books of the partnership were closed, and then re-opened under the incorporation in accordance with the following statement :—

RESOURCES.

Cash	1565.20
Mdse. (Invt. stock on hand)	8592.40
Personal Accounts (per schedule)	4221.60
Bills Receivable (notes on hand)	2567.25
Chattels & Fixtures (Invt.)	759.20

LIABILITIES.

Per. Accts		657.40
Bills Payable (notes and acceptances)		540.55
L. Seymour, Partner		6621.25
S. B. Marvin, "		6564.30
R. W. Evans, "		3322.15
	17705.65	17705.65

July 1, one half of the Treasury Stock is sold at par for cash to Henry Warner.

Aug. 1, 30 shares of Treasury Stock are sold for cash at 2 per cent below par to Chas. Morton,

Sept. 15, the remainder of the Treasury Stock is sold at 5 per cent premium to T. S. Brown. on his note at 60 days.

Jan. 1, 1902, the books of the concern show a net gain of $3327.40 which is closed into Surplus, and a cash dividend of 5 per cent is declared and paid.

Mar. 1, 1902, a second dividend of 6 per cent is declared and paid in cash.

Give all Cash Book and Journal entries required to open the corporation books, also those relating to the treasury stock and to the dividends.

General Review Quiz.

To the Student: Prepare yourself to answer fully all the following questions. See how many you can answer without re-reading any of your previous instructions. If, however, you are in doubt as to the correct answer to any question, refer to the text again and study the matter carefully.

When you feel that you are prepared to answer *all* the questions, report to your teacher who, if he is satisfied that you are ready to proceed with the actual accounting course, will direct you to commence with the work of the Central Canning and Drying Co., page 29.

1. Define a corporation.
2. What is a charter?
3. What constitutes the charter of an ordinary commercial corporation?
4. Give an example of a public corporation.
5. Name the three classes of private corporations.
6. How are the powers and liabilities of corporations regulated?
7. Define corporation stock.
8. What is a stock subscription agreement? What should it set forth?
9. What is a promoter?
10. What is the purpose of a minute book, and by whom is it usually kept?
11. How is the correctness of minutes verified?
12. May a company be formally organized before all the stock is subscribed?
13. What general facts should be set forth by the articles of incorporation?
14. What procedure is usually necessary to give a corporation legal existence?
15. Name the general powers usual to corporations.
16. Explain the voting rights of incorporators.
17. Name the usual liabilities of corporations and their stockholders.
18. With respect to the liability of stockholders, corporations are divided into what three classes? Define each.
19. What are dividends, and how are they distributed?
20. What are assessments, and under what circumstances are they usually levied?
21. What is an installment?
22. Should a stockholder fail to pay an installment, what procedure may be taken?
23. What do you understand by common stock? Preferred stock? Guaranteed stock? Donated Stock?
24. What class of stock usually has the most stable valuation? Why?
25. What is a franchise? Give an example.
26. What is a bonus?
27. What are bonds? Securities?
28. Explain the meaning of the word "fund" as used in corporation affairs.
29. Distinguish between "close" and "open" corporations.
30. The books required to be kept in corporation business are divided into what two general groups?
31. What is the purpose of an installment book?
32. Under what circumstances in the formation of a corporation would stock subscription and installment books be required? When would special stock subscription and installment books be unnecessary?
33. What is meant by installment scrip?
34. What does the debit side of the Installment Ledger show? The credit side?
35. What procedure is taken when a stockholder makes a final payment of his stock subscription?
36. Under what circumstances would an account in the Installment Ledger be closed?
37. What is a stock certificate?
38. When should an account be opened in the Stockholders' Ledger? When closed?
39. What procedure is necessary when an installment certificate is transferred? When a stock certificate is transferred?

40. What should the balance of an account in the Stockholders' Ledger always show?

41. If a stockholder transfers an installment certificate, does he escape liability for the remainder of his stock subscriptions?

42. May a stockholder escape liability for corporation debts by selling or transferring his stock certificates?

43. By whom are corporation by-laws usually adopted?

44. Under what circumstances may the books be temporarily closed against stock transfers? Why is this necessary?

45. If a stockholder fails to pay an assessment, what procedure may be taken?

46. How are stockholders usually notified that an assessment has been levied?

47. Under what circumstances and by whom may dividends be declared?

48. Describe the procedure necessary when a dividend is to be declared?

49. What disposition is usually made of treasury stock that is not to be sold for the the benefit of the corporation?

50. How is a stock subscription agreement usually certified?

51. What officials usually have the management of the corporation affairs? How is their authority limited?

52. How can a stockholder transfer a portion of the shares represented by a stock certificate?

53. When does the installment ledger cease to be active?

54. How do corporations usually raise needed money, in case it is not desirable to levy an assessment?

55. What is the purpose of the "Surplus" or "Reserve" Fund? Does it represent a resource or a liability on the books?

56. How are dividends usually paid?

57. What entry is made when a cash payment is made on a stock subscription?

58. What does the Subscription Account represent? When is it finally closed?

59. Should an assessment account be treated as a loss or a gain, when the books are closed?

60. For what purpose is treasury stock usually reserved when the corporation is organized?

61. When a cash dividend has been declared, what entry should be made?

62. What entry is made when dividends are paid in cash?

63. When would a dividend account be in balance?

64. What entry should be made when $25000 in Treasury Stock is reserved? When it is sold for cash at 2 per cent below par? At 5 per cent above par?

65. What entry is made when Treasury Stock is retired?

66. What is the purpose of the Franchise Account?

67. When a partnership is incorporated, partners' accounts are closed into what account?

68. When an installment is paid by note, what entry should be made?

69. When the incorporators contribute their own stock to be sold for the benefit of the business, what entry is required?

70. Suppose the second dividend declared by the company were made payable in treasury stock, what entry would be required?

Organization and Business Transactions of the Central Canning and Drying Company.

To the Student: In this course of practice in corporation bookkeeping, it is assumed that the firm of Douglas, Fenton & Co. have been conducting a canning and drying business at Hillsdale, O., and in order to enlarge their capital and further develop their business, have decided to incorporate under the name of The Central Canning and Drying Co., which concern is to be organized and conducted as set forth in the memoranda that follows. It is also assumed that you are to act as Secretary and bookkeeper for the company.

The various books and accounting methods to be employed will be described and illustrated as they are required. You are to be a subscriber for 125 shares of the corporation stock, and you are to use your own name in all entries, etc., where the word "student" is used.

Memoranda (*Beginning July 1, 1901.*)

An informal preliminary meeting of the proposed incorporators is held at the office of Douglas, Fenton & Co. Present: Chas. T. Fenton, James Douglas, Geo. P. Morton, A. F. Hanlon, L. M. Barnes, and Student.

Mr. Fenton is chosen temporary chairman, and Student, Secretary.

General and informal discussion of plans for forming corporation.

Motion by Mr. Douglas that a committee of three be appointed by the chairman to prepare plan of proposed organization, said committee to render its report to the proposed incorporators at a meeting to be held July 6, at 7:30 p. m. Motion carried unanimously. Chairman appoints the following persons to serve on said committee: James Douglas, Geo. P. Morton, and Student. Meeting adjourned to meet at same place, July 6, at 7:30 p. m.

Write in your Minute Book, in due form, the minutes of this meeting.

July 6.

Meeting to hear report of committee on organization. This report, as submitted and adopted by vote, is as follows:

1. That a corporation is to be formed under the laws of the State of Ohio, and to be known as "The Central Canning and Drying Company," the business of which is to be the canning, drying, or otherwise preserving of fruits, vegetables, meats, or other food products.

2. That the company is to be capitalized for $250,000 in shares of $100 each.

3. That $200,000 of the stock is to be subscribed for at once, and $50,000 to be reserved as Treasury stock and sold hereafter, or retired, as may be determined by the management.

4. That $100,000 of paid up shares are to be issued to the members of the firm of Douglas, Fenton & Co. of Hillsdale, Ohio, as follows:

Chas. T. Fenton,	375	shares.
James Douglas,	250	"
A. F. Hanlon,	250	"
L. M. Barnes,	125	"

These shares are to be issued to said persons as a full equivalent for their respective interests in the common property and business belonging to said firm, located at Hillsdale, Ohio, and which, after its organization, is to belong to the Central Canning and Drying Co.

5. That upon the subscription of the remaining $100,000 of the capital stock by responsible persons, the incorporators here present, bind themselves to the formation of the proposed incorporation in accordance with the terms herein set forth.

After some general discussion, the report of the committee, as above outlined, was adopted by unanimous vote.

The Secretary was then, on motion, instructed to draw up a stock subscription agreement in accordance with the foregoing terms, and a committee consisting of Geo. P. Morton and L. M. Barnes was appointed by the chair to circulate this subscription agreement for the purpose of securing the required subscribers for the proposed capital stock. Meeting then adjourned subject to the call of the chairman.

Write up the minutes for this meeting, which should include a full and formal report of the com, mittee. See page 9.

Draw up the Stock Subscription Agreement, and subscribe your own name, after which your teacher will have the remaining signatures attached, which represent the persons, whom it will be assumed have duly subscribed for the number of shares set opposite their names. For form of Agreement see Note, page 10.

Student	125 shares	Henry T. Bell,	75 shares
Geo. P. Morton	200 "	Arthur Moore	250 "
J. S. Miller	100 "	E. P. Moody	175 "
	John A. Martin	75 shares	

July 12.

The canvassing committee having reported that the required stock subscriptions had been obtained, the Chairman called a meeting of the incorporators to take steps for the legal formation of the corporation.

After some general discussion, the Secretary was directed to draw up Articles of Incorporation in accordance with the terms already agreed upon, adding such other details as might be necessary and submit the same for adoption by the incorporators.

The following officers were then elected for the first official term, beginning with the formation of the corporation and ending July 1, 1902:

President—A. F. Hanlon.
Vice President—Geo. P. Morton.
Secretary—Student.
Treasurer—James Douglas.

Directors—A. F. Hanlon, Geo. P. Morton, Arthur Moore, James Douglas and Student.

Meeting then adjourned to re-convene at the same place on July 15 at 7:30 p. m.

Write the minutes for this meeting, after which, prepare Articles of Incorporation following in a general way the form given on page 10, but observing the terms as agreed upon and set forth in the minutes. Fix the time of incorporation at twenty-five years, and the place of business, Hillsdale, Ohio. After preparing the Articles of Incorporation, submit the document to your teacher for inspection, who will have affixed the signatures of the incorporators.

NOTE—In the case of an actual corporation, it would now be necessary to forward the Articles of Incorporation to the Secretary of State for registry, and perhaps also to the Clerk, or Recorder, of the county in which the incorporation is formed. In the case of your present work, it will be assumed that this has been done, and that the necessary fees have been paid personally by the Secretary. An itemized list of these preliminary expenses will be given later.

July 20.

The corporation having received its charter (the Articles of Incorporation as returned with the Certificate of Registry by the Secretary of State) and having therefore attained to a legal existence, a meeting of the Board of Directors was held at which the following business was transacted.

1. The Board was organized by the election of A. F. Hanlon as President and Student as Secretary.

NOTE—The president and secretary of a corporation usually serve, respectively, as president and secretary of the Board of Directors.

2. A committee, consisting of James Douglas, Geo. P. Morton, and the student, was appointed to draft By-Laws for the government of the corporation.

3. It was voted to call for the immediate payment in cash of an installment of twenty-five per cent of the subscribed stock.

4. The Secretary was directed to issue certificates of stock to all persons entitled to the same, as required by the Stock Subscription Agreement, also to secure and open a set of corporation books.

5. The following employes were elected, with salaries as specified:

Superintendent, L. M. Barnes,	salary $2,500	per year
Secretary and Accountant, Student,	" 2,000 "	"
Auditor and Treasurer, James Douglas,	" 2,000 "	"
Time Keeper and Clerk, J. M. Davis,	" 1,500 "	"

Buyer, E. P. Moody,	salary $2,000	per year.
John A. Martin, Traveling Salesman,	" 1,500	" "
Charles Baker, " "	" 1,500	" "
A. W. Long, " "	" 1,200	" "

Meeting adjourned subject to call of chairman.

Write up, in due form, the minutes of this meeting, after which make out the required stock certificates for each of the stockholders, who are entitled to receive paid up stock, and deliver the same, through the envelope marked "Stock Certificates Delivered."

Open accounts in the Stockholders' Ledger with these stockholders, crediting each with the number and amount of shares issued. Index these accounts at the time you open them. For form of stock certificate and Stockholders' Ledger see pages 15 and 16.

The Operating Books of the Central Canning and Drying Co.

The operating books for this business include a Journal, Sales Journal, Cash Book, Voucher Payable Register, Petty Expense Book, General Ledger, and Sales Ledger.

The first four of these are what are known as "special column books" and are adapted to the peculiar requirements of this business. The student should bear in mind that all large business concerns adopt methods of account-keeping and the forms and kinds of record books that are best adapted to the special requirements of their own business. One of the purposes of the present course is to familiarize the student with the more usual methods by which this is accomplished.

The following pages include forms and descriptions of the operating books to be used. You will study these books and their descriptions only as you are directed to do so in the memoranda of transactions, which are continued on page 40, and to which you will now refer for a continuation of your work.

The Voucher System of Accountancy.

This is a system that has come into use in recent years, and is particularly adapted to large industrial and manufacturing concerns, electric lighting and street car plants, etc.

It derives its name from the fact that accounts with certain classes of creditors are kept by means of receipted records called VOUCHERS, used in connection with a specially ruled book called a Voucher Payable Register. When payments are made on account of purchases or other expenditures, a voucher is issued and delivered to the person or firm to whom payments are made, together with the cash, check, note, draft, acceptance, or other instrument through which the payment is made. The voucher is afterward signed and returned by the person or firm receiving the payment, and is placed on file as an evidence of such payment, as well as a memorandum of the expenditure.

The form of voucher illustrated on page 32 shows that the Central Canning and Drying Co. has purchased of the Cleveland Fruit Co. 185 bushels of peaches on Aug. 20, 1901, for which cash payment was made Aug. 24, 1901.

The purpose of the stub is to preserve a record of the Voucher, should it be lost or not returned by the payee; also, to show the distribution of the amount paid among the several department accounts, for entry in the Voucher Payable Register. By some concerns these entries are made on the back of the voucher, and by others they are not made at all, the Voucher Register record being deemed sufficient. The use of the stub is more convenient, however, if the itemized records on the voucher are considered necessary.

When goods are purchased on account, the voucher is duly made out, but is not detached from the stub and delivered for signature until payment is made.

In case the invoice includes a large number of items, these are not entered on the voucher, but the amount only is recorded with an entry in the description column, "As per Invoice No. 17, rendered Jan. 10, 1901."

Some concerns use vouchers for practically all expenditures required in the business, others use them only for certain classes of payments, as for material purchased for use in manufacturing processes, etc., and the cost of which it is desirable to keep in separate accounts. Vouchers are used either for cash or time purchases; if for the latter, the voucher is usually made out at the time the goods are received, and the bill verified, but is not forwarded to the creditor until the time of payment. In your present business, you will use vouchers for all purchases of material, also for other classes of expenditure as indicated in the memoranda.

VOUCHER.

No. 10 Date Aug. 24, 1901

Payee Cleveland Fruit Co.

When Paid Aug. 24, 1901

Accounts.	
Canned Goods—	
Raw Product	118 75
Casing	
Labor	
Miscellaneous	
Dried Fruit—	
Raw Product	66
Casing	
Labor	
General—	
Plant	
Fuel	
Gen. Expense	
Amount	184 75

Entered by C. J. M.

Voucher for Payment { No. 10 / Amount $ 184.75

Issued by **Central Canning and Drying Company,**

HILLSDALE, OHIO.

To Cleveland Fruit Company,

Cleveland, Ohio. Aug. 24, 1901

DATE.		DESCRIPTION.	PRICE.	ITEMS.	AMOUNT.
Aug.	20	125 bu. Peaches	95	118 75	
		60 " "	1 10	66	184 75

Verified:

S. R. Lemon, Secretary.

Approved:

A. J. Wiley, Treasurer.

Dated Cleveland, O., Aug. 16, 1901

Received of CENTRAL CANNING AND DRYING CO.

One Hundred Eighty-four $\frac{75}{100}$ DOLLARS,

for payment in full of above account.

Cleveland Fruit Co. Payee.

Per S. T. B.

Please fill out, sign, and return this Voucher PROMPTLY.

JOURNAL.

Date	Title	Explanation	Fol.	General Ledger Debits	General Ledger Credits	Sales Ledger Credits
190-		Amts. Forward		26,74 55	2114 35	560 20
Jan. 6	Bills Rec.	Thos acceptance 60 ds.	7	240 10		
	Harland & Sons	to balance acct.	16			240 10
7	Bills Rec.	A. H. Davis pays installment	7	2000		
	Cash	No. 1 on 120 Shares, with	V	1,000		
	Subscription	Cash and Note at 60 ds.	5		3000	
8	Canned Goods	Shortage 5 bx Apricots @ 3.00	2	15		
	Dried Fruits	Rebate 4 cs. Peaches @ .40	4	1 60		
	C. W. Hill		17			16 60
9	Dr. F. P. Raw Prods.	30 bu. Peaches @ $1.50	3	45		
	C. Goods Raw Prod.	Trans from Cannery to Dryer	4		45	
10	Canned Goods	60 cases Pears @ $1.20 Net	2	72		
	Acme Canning Co.	to fill Order Bell & Co	14		72	
11	Bills Rec.	Sale of this date paid	7	300		
	Cash	with Cash and Note	V	150		
	S. Miller		17			450
						1266 90
	Sales Ledger	Total Credits Posted	9		1266 90	
				6498 25	6498 25	
13	Subscription	Issued Certificates No. 4, 5,		20000		
	Capital Stock	6 and 7 for 200 Shares			20000	
14	Cash	Insolvent and settles	V	80		
	Loss and Gain	his account at 40		120		
	C. M. Hart	cents on the dollar				200
16	Bills Rec.	C. H. Day purchases		1250		
	Cash	20 Shares at 5% premium		850		
	Treas. Stock	Paid with S. Carter's Note			2000	
	Stock Disc't & Prem.	and Cash			100	

VOUCHER PAYABLE REGISTER.

To Whom Issued	Address	Vouch No.	For Bill Rendered: Date	Terms	When Due	When and How Paid: Date	Remarks	Amount V. Pay. Cr.
			190-		190-	190-		
C. R. Ainslee	Piqua, O.	1	July 21	Cash		July 21	Ck No 12	82 90
Davis & Stone	Cleveland, O.	2	" 22	"		" 22	My Dft	247 25
Central Printing Co.	Chicago	3	" 22	"		" 22	My Dft	32 56
F. C. Benton	Massillon, O.	4	" 24	"		" 24	Ck No 21	63 50
Vinton & Wright	Cincinnati, O.	5	" 24	"		" 24	My Dft	91 20
Evans & Vandever	Indianapolis, Ind	6	" 27	30 days	Aug. 26	Aug. 10	My Dft	2587 10
E. P. Moody	Co. Buyer	7	" 27	Cash		July 27	Ck No 28	3158 75
Cambridge Coal Co.	Cambridge, O.	8	" 28	"		" 29	My Dft	230 20
B & O. Ry. Co.	Hilldale, O.	9	" 29	"		" 29	Ck No 35	78
Western Sugar Co.	Chicago	10	Aug 1	2/30 N/60	Sept. 29	Sept. 28	Chi Dft	1248
Cleveland Lumb. Co.	Cleveland, O.	11	July 29	30 days	Aug. 28	Aug. 27	Clev. Dft	428 75
L. M. Barnes	Supt.	12	Aug. 2	Cash		" 2	Ck No 42	2758 95
	Totals posted Aug. 2							⑨ 11007 16
C. M. Day & Co.	Chicago	13	July 27	Cash		Aug. 3	Chi Dft	214 60
A. H. Jones & Sons	La Haven, Mich.	14	Aug 1	60 days	Sept. 30			389 40
B & O. Ry. Co.	Hilldale, O.	15	" 4	Cash		Aug. 4	Ck No 46	76 25
Walker & Maguire	Holton, Ind.	16	" 2	10 days	Aug. 12			275
Hilldale Mfg. Co.	Hilldale, O.	17	" 2	Cash		Aug. 2	Ck No 49	21 50
Western Coal Co.	" "	18	" 3	30 days	Sept 2			127 80
	Total Foods							1104 55

Voucher Payable Register.

This book contains a properly classified record of all payments evidenced by the vouchers. There are special columns for the various classes of materials purchased, also columns for Labor, Fuel, General Expense, or any other classes of expenditures of which it is desirable to keep separate records.

The accompanying form of Voucher Payable Register is especially adapted to the business that is carried on by the student in the present course, but it must be borne in mind that the form of the book, the number of columns, etc., would vary with the nature and accountancy requirements of the business.

The columns under "Canned Goods Accounts" represent four accounts which are to be kept in the General Ledger, and which may be designated "C. G. Raw Products," "C. G. Labor," etc., to distinguish them from the corresponding accounts of the Dried Fruit Department. The totals of the several money columns are forwarded to the next page as soon as any page is full. Periodically (usually at the end of each month) the totals are posted to the Ledger.

The purpose in keeping these several accounts is to enable the management to know at any time the total cost of each department of the business, which knowledge may enable them to reduce cost of production. In large concerns where there are many departments of cost and finished product, it is usual to keep separate ledgers for the different departments, but in your present business, it will be sufficient to keep separate cost accounts in the General Ledger, and close these into the general department account.

Instructions will be given hereafter as to the manner of making these closings and inventories.

VOUCHER PAYABLE REGISTER.

CANNED GOODS ACCOUNTS DR.								DRIED FRUIT ACCOUNTS DR.						GENERAL ACCOUNTS DR.					
RAW PRODUCT		CASING		LABOR		MISCELLANEOUS		RAW PROD.		CASING		LABOR		PLANT		FUEL		GEN. EXP.	
82	90																		
		247	25																
																		32	56
								63	50										
						91	20												
														2587	10				
2435	60							723	15										
																230	20		
		3	75			6	75							67	50				
						1248													
		205	40							223	35								
				1632	45							1126	50						
②		③		③		④		⑥		⑥		⑦		⑨		⑪		⑬	
2518	50	456	40	1632	45	1345	95	786	65	223	35	1126	50	2654	60	230	20	32	56
						214	60												
126	15							263	25										
37	43	21	50					3	12	14	20								
														275					
																		21	50
																127	80		
163	58	21	50			214	60	266	37	14	20			275		127	80	21	50

As your course does not involve the use of business papers other than the vouchers and invoices, you will not make out the checks that should accompany the vouchers, but will merely *assume* that they have been duly made out and delivered with the voucher. In actual business, of course, the check would eventually be returned by the bank upon which it was drawn, while the voucher would be receipted and returned by the firm to whom it was issued.

Disposal of Vouchers. When a voucher is received by a payee, if the check or other remittance accompanying it be correct, the check should at once be deposited for collection, and the voucher should be filled out properly and returned to the firm that issued it. When a receipted voucher is received, it is at once placed on file.

NOTE.—In some offices, when the check used to pay a voucher is returned by the bank, it is attached to the voucher and filed with it. We do not see, however, that this course is necessary, and so far as our investigations extend, but few houses follow it. The voucher itself is a sufficient receipt, and it seems unnecessary to interfere with the usual order of disposing of returned checks.

In your present work, as you are not dealing directly with real persons, you may simply make out the voucher in proper form (using the book of vouchers included with your office stationery) and deliver it through the envelope marked "Vouchers Payable Delivered." Your teacher will instruct you as to the final disposal of these vouchers at the end of the week's business. In actual business they would be receipted and returned by the parties to whom they are issued, and then re-attached to their original stubs.

The Journal.

The form on page 33 illustrates the Journal that is to be used in this course, and the method of using it. The form differs from that of the ordinary Journal, only in the introduction of the column for Sales Ledger Credits.

Sales Ledger Credits Column. In this business, a separate ledger called a "Sales Ledger" is to be kept for all our accounts with customers. To enable us to know at any time the state of this Ledger as a whole, we carry special columns in the several books, for the debits or credits that go to this ledger, and keep a "Sales Ledger Account" in the General Ledger, to which the footings of the Sales Ledger Columns are posted at the close of each week. The "Sales Ledger Credits" column in the Journal is for any credits other than cash (such as notes, memoranda of credit, or the like) and which are not recorded in the other books.

Recording Sales of Merchandise.

Duplicate Bill Pad. In this business, the Sales Book is dispensed with, the itemized records of sales being kept in duplicates of the bills sent to the customers. This is done by means of a specially prepared bill pad with carbon copying sheet. In preparing duplicate bills, follow the directions on the cover of your Duplicate Bill Pad.

Sales Journal. This book contains columns for the names and addresses of all persons to whom goods are sold, and whose accounts are to be kept in the Sales Ledger, also columns for the date, terms, amounts, etc. Separate columns are used for "Canned Goods" and "Dried Fruit." The "Sales Ledger Debits" column is for the amounts of the several purchases, and at the end of each week its total is posted to the debit side of the Sales Ledger Account in the General Ledger. The totals of the "Canned Goods" and "Dried Fruits" columns are posted to the credit side of the respective accounts in the General Ledger.

The separate amounts in the "Sales Ledger Debits" column are posted to the customers' accounts in the Sales Ledger. See page 37.

The Quotation Lists. The output, or product, of manufacturing establishments is usually sold to large wholesalers or to jobbers, who in turn sell the goods to local dealers. The prices and terms will vary with the quantity purchased, the rise and fall of the market, etc.

In the present business, the manufactured product consists of various brands of canned and dried fruits, jam, jellies, etc., which are designated in the Quotation Lists, and which are to be sold at the prices and terms given unless otherwise specified in the memoranda. Two cards—"Quotation List No. 1" and "Quotation List No. 2"—will be found in your bookkeeping equipment. The first of these is to be used until its use is discontinued and "Quotation List No. 2" is substituted for it, as directed in the memoranda. "Canned Goods" includes the several brands of canned fruits and vegetables, jams, jellies, etc., while the two grades of dried apples, pears, and peaches, are included under "Dried Fruits." In using the Quotation Lists, take extreme care to enter the proper prices and articles as required by the memoranda.

Terms of Sale. Most of the sales in this business are made at "list terms," that is, on 60 days credit at the prices given on the Quotation List, with a discount of 2 per cent off for Canned Goods and 1 per cent for Dried Fruit, provided the purchases are paid for in cash, or its equivalent, within 30 days. Other sales, however, are made at special terms and prices. The terms of sale should always be entered plainly in the blank spaces left for that purpose, at the top of the bill. To secure brevity in entering these, accountants use certain symbols and abbreviated expressions, to indicate different kinds of terms. Following is a list of them with their meanings as they are to be used in your present work:

Net; amount of bill to be paid without further discount.

n/30; net amount of bill to be paid within 30 days.

2/30; two per cent off if paid within 30 days.

1/30 n/60; one per cent off if paid for in 30 days; amount of bill to be due in 60 days.

Cash, C. O. D., or Net Cash; goods to be paid for in cash as soon as received, and without further discount.

[Continued on page 38.]

SALES JOURNAL.

Date		Fol.	Name	Address	Sales Ledger Debits		Bill No.	Terms	Canned Goods Credits		Dried Fruits Credits.	
190-												
Jan.	7	14	Cooke & Co.	Auburn, Ohio	240	60	1	5/30	130		110	60
	8	16	A. B. Rawlins	Newark, Ills.	121	85	2	2/30	121	85		
	9	24	Parker & Hamlin	Albion, Mich.	79	55	3	2/60			79	55
	10	35	Murdock & Sons	Rock Island, Ills.	358	90	4	Cash	200		158	90
	11	19	L. Spencer & Co.	New Berne, O.	95	80	5	2/30	40	20	55	60
	12	25	Kane & McGuire	Battle Creek, Mich.	235	90	6	Noted	235	90		
					(3) 1132	60			(2) 727	95	(5) 404	65
				Amts. Posted								

Form of Bill.

The Central Canning and Drying Company,

MANUFACTURERS OF

CHOICE DRIED AND CANNED GOODS,

Jams, Jellies, Preserves, Etc.

Sold to *Hartley & Adams,*
Fremont, Ohio.

Shipped per *B. & O. Rv.*

Terms: Canned Goods *2/30 n/60* Dried Fruits *1/30 n/60*

Hillsdale, O., Aug. 6, 1901

125	Cs. Stan. Peaches	1 15	143 75	
75	Bx. Dried Ap. (3750 lb.)	06	225	
40	Cs. Straw. Jam	1 60	64	
40	" Blk. "	1 40	56	
40	" Rasp. "	1 50	60	
			548 75	
	Less 3 per cent		16 46	532 29
	Received Cash			100
	Balance			432 29

CASH BOOK.

Date		Fo.	Title	Explanation	Cash Debits		Mdse. Dis. Debits		Sales Led. Credits.	
190-										
Jan	6			Amts. Forward	4265	40	72	15	2500	
	7	4	Subscription	Sask No 1, Cert 1,2,3,4	2400					
	8	13	C.S. Day & Co. (S.L.)	Inv. 721, less 5%	152		8		160	
	9	6	Bills Rec'd	L. Martin pays his Note of	245					
		7	Interest	Dec 10 with Int to date	2	45				
	10	18	R. Henry (S.L.)	To apply on Sale this date	50				50	
	11	2	Canned Goods	Refuse Products sold S. Linn	42	10				
		5	Dried Fruits	" " " "	28	60				
				Totals Posted Jan. 11	7185	55	(11) 80	15	(12) 2710	
	13			Bal. down	5034	48				

Cash Less 5; five per cent off if goods are paid for in cash.

NOTE.—It is now the general rule in business that cash terms are allowed, provided payment for a shipment of goods is made within 30 days of the billing date.

Spot Cash; goods paid for at time of purchase, usually employed where goods are delivered at seller's warehouse, at the time of purchase.

Abbreviations. Convenience and economy require that, in billing, certain special abbreviations be used to indicate the articles sold. There are no definite rules as to what these abbreviations shall be; each bookkeeper exercises his own taste and judgment. The symbol chosen should be definite, however, and so characteristic of the word abbreviated that the buyer will have no difficulty in knowing what article is meant. The abbreviations given in your Quotation List are such as would probably be used by a billing clerk, and you should use these or similar ones in your own billing.

What to do When a Sale is Made.

1. Referring to the quotation list, enter the purchase with the date, and the terms and the proper prices, on the bill, being careful to follow the directions on the cover of your Duplicate Bill Pad. On a sheet of loose paper, compute the amounts, (and discounts, if any are allowed at the time the bill is rendered), after which enter the extensions and amounts on the bill. Be especially careful to take the correct prices, as given on the Quotation Lists, and prove all computations before entering the amounts on the bill. In columnar bookkeeping, errors in billing if allowed to occur, will cause much annoyance, and extra work.

If a payment is made, either whole or in part, at the time a purchase is made, credit the payment at the bottom of the bill, as shown in the model form on page 37.

2. When the bill is prepared, remove it by tearing along the perforated line, and deliver to the customer through the envelopes marked "Bills Rendered." Place the carbon copying sheet under the next white bill, copying surface downward, in order that it may be in position when another bill is to be made out.

3. Enter the sale in the Sales Journal as shown in the model form on page 37, being careful, if the sale consists of both dried fruit and canned goods, to enter the proper amounts in these columns. If the goods are sold at regular list terms, it will be sufficient to write the word "list" in the terms column.

Should a sale be paid for at the time the order is given, which sometimes occurs, it is nevertheless entered on the Sales Journal and carried to the customer's account, the same as a time sale. In a manufacturing or wholesaling business, it is important to keep records of *all* sales, whether for cash or on account.

CASH BOOK.

Date		Folio	Title	Explanation	Cash Credits		Mdse. Dis. Credits		Vouch. Pay. Debits	
190-										
Jan	6			Amts. Forwarded	1242	50	172	50	1160	30
	7	8	Petty Expenses	Reserved for Office use	15					
	8	✓	Voucher No. 1		245	70			245	70
	9	16	Gen. Expenses	Weekly Salaries per Pay Roll	150					
	10	✓	Voucher No. 2	Discount 5%	118	27	6	23	124	50
		✓	Voucher No. 3		250				250	
		✓	Voucher No. 4		129	60			129	60
	11			Balance	5034	48				
				Totals Posted Jan. 11	7185	55	(11) 178	73	(1) 1910	10

Care should be taken to enter in the Cash Book or Journal as the case may require, and *at the time the Sales Journal entry is made*, any payments that may have been made to apply on the purchase.

The Cash Book.

The accompanying form illustrates the Cash Book to be kept in this business. Notice that there are three debit and three credit money columns, which are to be used as designated by the printed headings. The totals of the several special columns are posted to the respective accounts in the Ledger whenever it may be necessary. When a page of the Cash Book is filled, the several totals are forwarded to the next page. If desirable, the Cash Columns may be balanced at any time, and without footing up and posting the special columns.

When the totals of the special columns are posted, the Ledger folio is entered in small figures just above (or below) the amounts, as shown in the form.

Petty Expense Book.

In conducting a business office, there are frequently small expenditures, which it is inconvenient to keep account of in the General Cash Book, with a regular entry for each trifling expenditure. Instead of doing this, the minor office expenditures are provided for by a special fund known as a "Petty Expense Fund" which is set apart for the purpose, and which is in the personal charge of the bookkeeper or office clerk whose business it is to make the expenditures. These are recorded in a special book called a Petty Expense Book. When cash is set aside for petty expenses, the amount is entered on the debit side of this book, and credit entries are made for all expenditures as they occur. An account with "Petty Expense" is kept in the General Ledger, and at the time cash is reserved for petty expenses, an entry is made on the credit side of the Cash Book, charging this account with the amount reserved. When the books are closed, any unexpended balance belonging to the Petty Expense Account would be listed as a resource.

The accompanying form illustrates the method of recording the entries in the "Petty Expense Book" and entering and forwarding its balances.

PETTY EXPENSE BOOK.

July	5	Cash Rec'd per Treas. Ck. No. 1	25	
	10	Office Stationery as per bill of Clarke & Sons		5 25
	12	Official fees for Incorporation		12 50
		Messenger service delivering notices to incorporators		75
		Bal.		6 50
			25	25
	15	Bal. down	6 50	

The Time Book.

In establishments where there are a number of employees, accounts with these are kept in a book conveniently ruled for the purpose, and called a Time Book. In most business houses, employes are paid each week, and the Time Book here shown illustrates the time and wages as made out for the first week for a working day of eight hours. The first column contains the numbers of the several employees, the next, the wages per day, and the succeeding columns, the hours worked each day according to the time-keeper's book, the total number of hours for the week, and the amount due. In some Time Books there is a column in which the employee writes his name as a means of receipting for the money paid him, but this practice is seldom followed.

			April 1 — 6								April 8 — 13							
Names	No.	Rate per day	M.	T.	W	Th	F	S.	Total	Amount Apr. 6	M.	T.	W.	Th.	F	S.	Total	Amount Apr. 13
Chas Martin	1	2 75	8	8	8	6	8	8	46	15 81								
James Grant	2	2 —	6	8	8	8	8	8	46	11 50								
Henry Smith	3	2 —	8	6	8	8	8	8	46	11 50								
Guy Preston	4	2 —	8	8	8	8	—	8	40	10								
Aaron Reist	5	2 —	8	8	7	8	8	8	47	11 75								
Roger Parks	22	2 25	8	5	8	8	8	8	45	12 66								
A. B. Quick	25	2 25	8	8	8	8	—	8	40	11 25								
O. M. Strong	30	2 25	8	8	8	8	7	8	47	13 22								
Frank Reynolds	31	2 75	8	8	8	4	8	8	44	15 13								
R. A. Jones	40	2 —	8	8	8	8	8	8	48	12								
										459 82								

Memoranda for July 20 (*continued from page 31*)

Study the description and form of Journal given on pages 36 and 33, after which, prepare your opening entry as required by the following statement of the resources and liabilities of the late firm of Douglas, Fenton & Co. at the time the business was incorporated. See the opening entry for McCloud Tanning Co. page 23.

The six personal accounts listed among the resources are to be opened in the Sales Ledger, as they represent customers to whom goods have been sold on account. The amount of these accounts is to be posted direct to the Sales Ledger Account in the General Ledger. The method of listing them in the opening entry is as follows:—

Sales Ledger Account,				2521	55							
S. H. Arthur & Co.,	$425.30											
Stuart & Hall,	247.50											
C. H. Bell & Son,	321.15											
John Maxwell,	142.30											
Graham Grocery Co.,	456.80											
Farnham Blair & Co.,	928.50											

Statement of Resources and Liabilities of Douglas, Fenton & Co., July 20, 1901.

Resources.

Plant, machinery, tools, etc.	$75000.00	
Canned Goods, Unsold Stock	2590.75	
Tinning and Casings, C. G. Dep't	248.15	
Miscellaneous C. G. Dep't	127.10	
Dried Fruits, Unsold Stock	526.20	
Packing and Casings Dr. F. Dep't	64.10	
Fuel (estimated)	175.00	
Bills Receivable, transferred	786.45	
Interest accrued on same	65.50	

Accounts Receivable as follows :

S. H. Arthur & Co., Janesville, Wis.	425.30	
Stuart & Hall, Aurora, Ill.	247.50	
C. H. Bell & Sons, Muncie, Ind.	321.15	
John Maxwell, Clinton, Ia.	142.30	
Graham Grocery Co., Hannibal, Mo.	456.80	
Farnham, Blair & Co., Hillsdale, O.	928.50	

Liabilities.

Bills Payable (assumed by company)		2146.50
Interest accrued on same		178.25

Accounts Payable as follows :

Chicago Tinning Co.	178.40	
Braile & McKnight, Cincinnati, O.	329.70	
Ohio Lumber Co., Cleveland, O.	95.10	

When your opening entry is prepared, submit it to your teacher for approval, after which, it should be posted to the several accounts in the General and Sales Ledgers. For convenience, these books are bound together under one cover. The General Ledger consists of the first part of the book, which is ruled for half-page accounts, and the Sales Ledger the remainder of the book, the Sales Ledger Index separating the two.

Page each Ledger separately before opening any accounts, beginning with the first page following the index.

Open accounts in your Installment Ledger with the several persons who have subscribed for stock, debiting them for the number and amount of their shares, as shown by the Stock Subscription Agreement. (See Installment Ledger page 14). Then make out Installment List No. 1. Rule up a sheet of blank paper for this purpose, following the form of Installment Book given on page 13. Keep this list in your Installment Ledger, and make the required entries on it, and on the Installment Ledger accounts, whenever any of the installments are paid.

The following persons have paid their installments (No. 1) in cash: E. P. Moody, John A. Martin, and Student.

Make the required entries on the Installment List, after which, make out and deliver through the "Installment Certificate" envelope, the necessary Installment Certificates and make the required entries in the Installment Ledger. Refer to your Minute Book and the memoranda for the datings.

Study description and form of the Special Column Cash Book given on pages 38 and 39 after which credit Subscription with the installments paid by Messrs. Moody and Martin and yourself, as in the entry for Jan. 7 in the Cash Book on page 38.

Read description of the Petty Expense Book on page 39.

Since you have been Secretary of the company it will be assumed that you have paid cash for incidentals out of your own personal funds, as follows:

July 10—Office stationery per bill of Clarke & Sons	$ 5.25
" 12—Official fees incident to incorporation	12.50
" 12—Paid messenger boy for delivering to stockholders special notices of called meetings	.75
Total	$18.50

To meet these and similar minor expenditures, the Treasurer of the company hands you a check for $25.

Make the necessary entries in the Cash Book and Petty Expense Book. See entry for Jan. 7 in Cash Book, page 39.

Read carefully all instructions relating to the voucher system of accounting on pages 31 to 36, after which continue your work as given in the following Memoranda.

Memoranda for July 27, 1901.

NOTE.—To secure the proper maturity of notes and accounts, and to avoid too much repetition of similar transactions, the supposed business operations for one week will be given under one dating, viz: the last day of the week. This arrangement will allow the corporation business to extend over a longer period, and will also admit of a more reasonable disposal of the labor accounts, etc. At the end of the business for each week, the student will post all entries or totals, balance the Cash Book, and take a trial balance of the General Ledger.

A. C. Tilford of Hillsdale, O., has delivered at the cannery 175 bu. of green peas at 30c. He presents buyer's tickets as evidence of the delivery. Make out a voucher for this purchase as follows:— Fill out the first voucher in your Voucher Book, following the form given on page 32. Also fill out the stub, entering the amount opposite Canned Goods, Raw Products. Then enter the voucher in the Voucher Payable Register, as shown in the entry for Voucher No. 1, on page 34. Assuming that the voucher has been paid, deliver it through the envelope marked "Vouchers Payable Delivered," and make entry on credit side of the Cash Book as in the entry for Jan. 8, page 39.

NOTE.—Be careful in this part of your course to use vouchers in the "Voucher Book" and not those in "Voucher Check Book."

Issue a voucher in favor of McNeil & Clarke, Cincinnati, for their bill of July 16, for the following goods that have been duly received at the cannery. Terms, cash.

15 Boxes "XXX" Tin Plates at	$18.50
12 " "Medium" Tin Plates at	15.25

Enter on stub and in the Casing Column of the Canned Goods Account in Voucher Payable Register. See entry for Voucher No. 2, page 34. Make Cash Book entry as in previous voucher.

Paid cash for postage stamps for office, $2. Enter in "Petty Expense Book."

Geo. P. Morton hands you his check for payment of Installment No. 1. Issue Installment Certificate and make entry in Installment Ledger, Installment List, and Cash Book as heretofore.

The Acme Printing Co. of Cleveland, O., has delivered 5000 advertising circulars with their bill for same, dated July 20, $21.75. Issue and deliver voucher, charge "Gen. Expense" in Voucher Payable Register, and make proper Cash Book entries as heretofore.

C. W. Wilson, Castleton, O., presents buyer's tickets for 185 crates blackberries at 40c, delivered at cannery. Issue and dispose of voucher and make entries as in the case of the peas bought of A. C. Tilford.

S. H. Arthur & Co. remit N. Y. draft for $234.08 in payment of a bill of goods sold them on July 6 by Douglas, Fenton & Co., amounting to $246.40, on which they are entitled to a discount of 5 per cent. Make necessary Cash Book entries in "Sales Ledger Credits," "Mdse. Dis. Debits" and "Cash Debits" columns. See entry in Cash Book, page 38 for Jan. 8.

J. S. Miller pays Cash for Installment No. 1. Proceed as heretofore.

T. J. Hart & Sons, Piqua, O., remit check for their note of Jan. 5 for $172.40 with accrued interest to date, $5.68. Credit "Bills Rec." and "Interest" in Cash Book as in entries for Jan. 9, page 38.

J. M. Johnson, Hillsdale, O., presents Buyer's Tickets for 68 bu. peas at 35c. Make out Voucher and dispose of transaction as in previous cases.

Read carefully all instructions under "Recording Sales of Merchandise," pages 36 to 39, after which dispose of the following sales, observing carefully all instructions as to preparing and copying bills, making entries in Sales Journal, etc. (See "Abbreviations," page 38.)

A. Monroe & Co., Elkhart, Ind.—

50 cases Perf. Blk.; 40 cases Pie Blk.; 25 cases Perf. Peas; 10 cases Straw. Jam. List terms. See Sales Journal entry for Jan. 8, page 37.

Stuart & Hall, Aurora, Ill.—

25 Bx. Dia. Ap.; 15 Bx. Dia. Pears; 20 Cs. Perf. Cher.; 15 Cs. Cr. Ap. Jam. List terms. See entry for Jan. 4, page 37.

Note.—Hereafter in all sales of dried fruit, assume boxes to weigh 50 lbs. each.

O. C. Oliver & Co., Monmouth O.—

75 Cs. Pie Blk.; 30 Cs. Rasp. Jam; 30 Cs. Straw. Jam; 40 Cs. Straw. Jel. List terms.

Farnham, Blair & Co., Hillsdale, O.,—

100 Cs. Perf. Blk.; 25 Cs. each Straw., Rasp., and Cr. Ap. Jelly; 75 Bx. Dia. Ap. Spot Cash less 6 per cent.

This is a sale to a local buyer who pays cash and receives a special discount of 6 per cent from our regular list prices. Such sales are rather unusual in wholesaling business; but since it is desirable to keep an account of *all* sales, they are entered in the Sales Journal, the same as a sale on account. Entries are made in the Cash Book as in the case of a payment on account. The buyer is charged for the goods, the same as if he had bought them on account and had then been credited for the cash payment with the discount added. See Sales Journal entry for Jan. 10, page 37, also BookCash entry for Jan. 8, page 38.

Note—A question might be raised as to the necessity for making these several entries in the case of a cash sale, but it should be remembered that in a large wholesaling business, it is of much importance to keep complete records of every sale; the method here indicated is the one followed by most firms.

C. W. Walker, of Arcade, O , presents buyer's tickets for 69 tons of sweet corn at $4.50. Make out, pay, and deliver voucher, as heretofore.

J. S. Miller has transferred his installment certificate to A. W. Nelson, of Monmouth, O., who is to assume Mr. Miller's Stock Subscription. See directions for transferring installment certificates pages 7 and 14, and proceed as there directed.

The Graham Grocery Co., Hannibal, Mo., have accepted, under date of July 25, and returned our draft drawn on them at 30 days sight for balance due us. See entry for Jan. 6 on page 33.

A. P. Harbinger & Sons, Cleveland, O., have rendered us a bill dated July 20 for spices bought for Canning Dept. amounting to $85.70, upon which we are entitled to a discount of 3 per cent. Make out and deliver voucher for the amount less discount. Itemize on face of voucher as follows:—

For Bill of July 20	$ 85.70	
Less 3 per cent	2.57	83.13

Charge to "C. G. Miscellaneous Account," on stub of voucher and in V. P. R. See Cash Book entry for Jan. 10, page 39.

A. T. Melville & Co., Indianapolis, order on our regular list terms as follows:—

50 Cs. "Perf." Peaches, 75 Cs. Standard Corn, 40 Bx. Orchard Apples, 2000 lbs.

The Brandon Co., Trenton, N. J., have delivered to us: 3 Davis Fruit Evaporators with equipment complete as per bill of July 22, $4265.90. We buy these machines at 30 days. Make out voucher and required entries in Voucher Payable Register, charging purchase to "Plant." As the voucher is not to be paid at once, allow it to remain in the Voucher Book until the expiration of the term of credit. See entry for voucher No. 6, page 34.

The Company Directors have authorized Arthur Moore to pay his installment with cash $2500 and his 30 day note at 6 per cent interest with approved security for balance. Issue the necessary Installment Certificate. See Journal entry for July 7, page 33. Enter the Cash item in the general

column of the Cash Book, checking off the item in the Journal. No explanation in the Cash Book is necessary, write "J." in the explanation column to show that the item was entered from the Journal.

The Company's buyer, E. P. Moody, has purchased from various parties since the Company was incorporated, products for the Canned Goods Dept. amounting to $1428.50, and for the Dried Fruit Dept. $967.25. He presents foremen's receipts for the amounts of the several purchases and you are to issue a voucher, with check, to him for the full amount. Itemize in voucher as follows:

For Purchases to date of Raw Prod. for Can. Dept.....	1428.50
For Purchases to date of Raw Prod. for Dr. Fruit Dept.....	967.25
	2395.75

NOTE.—In the canning business, fruits, vegetables and other required raw products, are usually bought by contract from the growers, who deliver them from time to time at the Cannery, receiving weigher's checks, which are presented at the office and paid. If the voucher system is not used, the proper accounts are charged in the Cash Book. In the present course, to avoid the issue of the large number of vouchers which would be necessary in accounting for these separate purchases of raw products, it will be assumed that most of them are made by the buyer, E. P. Moody, who personally pays for them, receiving at the end of each week a voucher with payment for the entire amount purchased for that week as shown by the foremen's receipts.

Henry T. Bell pays cash for first installment of his stock.

The B. & O. Ry. Co. freight bills to date are as follows:

27 Bx. Tin, Mc N. & Co., Cin.....	$ 3.75
3 Bx. Spices, A. P. H. & Co., Cleveland.....	6.75
Carload Machinery, The Brandon Co., Trenton, N. J.....	67.50

Issue voucher with payment, charging the items respectively to "C. G. Casing," "C. G. Miscel," and "Plant" accounts.

See entries for Voucher No. 9, page 34.

NOTE.—Always make out the voucher, with the proper entries on the stub, *before* making the record in the V. P. R.

L. M. Barnes, hands in Pay Roll for the week as follows:—

Canned Goods Dept., $1826.15; Dried Fruit Dept., $623.95.

Issue voucher with payment in favor of Mr. Barnes, charging the amounts to the respective labor accounts. See entry for voucher No. 12, page 34.

NOTE.—In manufacturing concerns, the accounts with operatives, are kept by the time-keeper who usually makes his report, weekly, to the Superintendent in time for the hands to be paid off on Saturday evening. The pay roll, after being approved by the Superintendent, is passed to the proper office clerks who place in separate envelopes the exact amounts of money due the several employees. Sometimes the employees are required to sign the pay roll as a receipt, but this is not usual, especially in large establishments. Some concerns pay their employees on Monday for the work done the previous week.

The form on page 40 illustrates a convenient method for keeping a time book, from which the pay roll is made out.

Salaries have been paid for the week as follows: L. M. Barnes, $50; Student, $40; J. M. Davis, $30; E. P. Moody, $40; James Douglas, $40. Charge Gen. Expense in Cash Book, as in the entry for Jan. 9, on the Credit side of the Cash Book, page 39.

NOTE.—Where there are several persons who receive their salaries regularly each week or month, it is unnecessary to keep individual accounts with these persons, since the checks when endorsed, constitute a sufficient record. If, however, salary payments are made irregularly, it is better to keep the individual accounts.

A meeting of the Board of Directors was held on this date. Present a full board.

Motion by Director Douglas that a further installment of 50 per cent. of the subscribed stock be called for, the same to be due and payable on or before Aug. 3, 1901. Carried by unanimous vote.

Motion by Director Moore that J. A. Ryan be employed to act as night watchman, at the factory at a salary of $15 per week. Carried.

The chairman addressed the board on the importance of equipping the Cannery with improved machinery. Decided on motion of Director Morton that Supt. Barnes be instructed to make an immediate trip to Cleveland and Chicago for the purpose of investigating late canning machinery, prices, etc., and the feasibility of disposing of certain machinery that it is expected to replace. It was also decided that the foreman of the Cannery, C. W. Peters, is to act as superintendent during the absence of Mr. Barnes. The meeting then adjourned until August 3rd, at which time Mr. Barnes is expected to make his report.

Record the proceedings of this meeting in the Minute Book, and make out Installment List No. 2.

You will now post the books to date, observing with great care the following directions:—

1. Find the correct footings of the following special columns, recording them and making the proper rulings, as shown in the model forms as follows:—

(a) "Sales Ledger Credits" Column in Journal, page 33.

(b) "Sales Ledger Credits," "Mdse. Dis.," (Debits and Credits,) and "Voucher Pay. Debits" Columns in Cash Book, pages 38 and 39.

(c) The three columns of the Sales Journal, page 37.

NOTE.—See that the totals of the "Canned Goods" and "Dried Fruit" columns together equal the total of the "Sales Ledger Debits" column.

(d) All the money columns of the V. P. R., pages 34 and 35.

NOTE.—Prove the V. P. R., by ascertaining that the total of the "V. Pay. Cr." column equals the sum of the totals of the other columns.

2. Post the Journal. Be sure that all accounts with customers are opened in the Sales Ledger, and that every account is properly indexed when it is opened. Post the total of the "Sales Ledger Credits" column to the credit side of the Sales Ledger Account in the General Ledger.

3. Post the Cash Book, omitting such items as were entered from the Journal, also, the credit items that record the payment of vouchers. Post the totals of the special columns of the Cash Book as follows:

(a) The "Sales Ledger Credits" column to the credit side of the Sales Ledger Account.

(b) The "Mdse. Dis." columns to the debit or credit side of the Mdse. Discount Account, as indicated by the headings.

(c) The "Voucher Pay. Debits" column to the debit side of the Vouchers Payable Account.

NOTE.—In posting these special columns, you will need to observe great care that you do not enter them on the wrong side of the Ledger.

4. Post the Sales Journal. The amount of each sale is to be entered on the debit side of the customer's account in the Sales Ledger, and in making this entry *always* enter the terms of the sale in the explanation column of the Ledger. This will save the trouble of looking back through the Sales Journal when customers send remittances in payment of their purchases.

Post the total of the "Sales Ledger Debits" column to the debit side of the Sales Ledger Account, and the "Canned Goods" and "Dried Fruit" credit columns to the credit side of the respective accounts in the General Ledger.

5. Post the Voucher Payable Register, as follows: Post the total of the "V. Pay. Cr." column to the credit side of the Voucher's Payable Account, and the totals of all the other columns to the debit side of the several accounts in the General Ledger.

6. The correctness of the General Ledger is now to be proved by means of a Trial Balance, with the method of preparing which, the student is assumed to be familiar.

Following is a list of the accounts that should appear on your Trial Balance for July 24. The several accounts of the Sales Ledger, of course, do not appear, as these are represented by the Sales Ledger Account in the General Ledger.

The balance of Cash should be entered on the debit side of the Trial Balance, but as errors in the Cash Book are likely to be found, it is well not to close and balance the Cash Book until after the correctness of the books has been ascertained.

Cash.
Capital Stock.
Subscription.
Franchise.
Plant.
Canned Goods.
" " Casing.
" " Miscellaneous.
" " Labor.
" " Raw Product.
Dried Fruit.
" " Raw Product.
" " Casing.
" " Labor.
Fuel.
General Expense.
Petty "
Mdse. Disc.
Bills Receivable.
" Payable.
Interest.
Sales Ledger.
Vouchers Payable.
Chi. Tinning Co.
Braile & McKnight.
Ohio Lumber Co.

7. When your Trial Balance has been submitted to your teacher and approved, balance and close the Cash Book, after which continue with the work as follows:

Memoranda for Aug. 3.

A warehouse for storage of goods, etc., has been leased from B. T. Sloan, at a rental of $75 per month beginning Aug. 1, and one month's rent has been paid in advance. Charge to Gen. Expense in Cash Book.

F. H. Lanning of Avon, O., has delivered at the Cannery, berries from his fruit farm as per buyer's receipts, filed this day, $614 20.

A. B. Holloway of Columbus, O., sends a "rush" order for 100 Cases "Perf." Blk. at list terms. He requests us to send by U. S. Express and prepay charges. Include the express charge, $28.60, in the bill and charge the item to "Canned Goods" in the Cash Book.

We have sold R. C. Noble & Co., Sharon, Ind., at 30 days, 25 Cs. each of our Straw., Rasp., and Cr. Ap. Jel., and 50 Bx. Dia. Peach. This is a trial order and the buyers are to be allowed special discounts from list prices of 6 per cent on the Strawberry and Raspberry, 5 per cent on the Crab Apple Jelly, and 2½ per cent on the Peaches.

Indicate the rate of discount allowed on each item, when making out the bill, and deduct before entering the amount.

NOTE—As these are not time discounts, but special rebates from prices, and given to secure trade, they are not carried to the Merchandise Discount Account.

A. B. Newell & Sons, Hillsdale, O., present their bill of July 22, for services in placing machinery and making various repairs in the plant, $72.10. Issue Voucher with payment and charge to Gen. Expense.

Withdraw $20 in cash, and charge to Petty Expense Fund.

M. F. Lee, Hillsdale, O., presents buyer's checks for 23 tons Green Peas at $16.50 and 17½ tons Green Beans at $12.50.

Farnham, Blair & Co. hand us $500 on account.

We have received from Chicago Sugar Refining Co., billed at 2/30, n/60, a car load of "Extra C" sugar, 100 Bbl. (300 lb. ea.) at 5¼ c.

Voucher made out but not paid. Charge to "Canned Goods, Miscel."

The Ohio Lumber Co., Cleveland, O., present bill of Aug. 1, for lumber purchased for casings (boxes for packing goods) $379.15. This lumber is billed at 30 days. $165.40 of the amount is for the Canned Goods Dept. and the remainder for the Dr. Fruit Dept.

C. A. Gregory & Co., Akron, O., order at regular list terms the following goods: 60 Cs. Perf. Pears; 75 Cs. Stan. Cher.; 25 Cs. Perf. Ap.; 75 Cs. B. Bk. Beans, and 18 Cs. Stan. Ap. B.

Pd. Hillsdale Loan & Trust Co. rent to Sept. 1, $375. (Gen. Expense—no voucher.)

The Student, Geo. P. Morton, A. W. Nelson, and E. P. Moody, pay cash due for Installment No. 2.

C. H. Bell & Co., Muncie, Ind., order at list prices, a car load of Dia. Peach., 800 boxes. They send their check for $1500, and are to be allowed 60 days in which to settle for the balance of the invoice Charge them in Sales Journal for full amount of the bill, giving them credit in the Cash Book for the payment.

The Hocking Valley Coal Co , Hillsdale, O., present their bill of July 29 for a car load of coal, 45000 lbs. at $1.70 per ton, Make out, pay, and enter voucher, charging to Fuel Account.

O. C. Oliver & Co. remit check for their purchase of July 27, less 2 per cent.

A. Monroe & Co., Kokomo, Ind., order 12 Cs. each of Blk., Straw, and Cr. Ap. Jam; 25 Cs. Perf. Peas, and 40 Bx. Dia. Ap. We have offered them 2½ per cent. off for "spot cash," and their order is accompanied by a check for a sum sufficient to entitle them to a credit of $100.

A. T. Melville & Co. ask for a Memorandum of Credit for a shortage of 3 Bxs. Orch. Ap. in our recent shipment to them, reporting also that six of the cases of peaches sent were "Standard" instead of "Perfection", as ordered; these, however, they will retain if credited with the difference in cost. Journal entry; debit "Canned Goods" and "Dried Fruits" for the discrepancies and credit Sales Ledger Account, making full explanation. See Journal entry for Jan. 8, page 33.

The Eagle Boiler Co., Cleveland, O., present their bill for boiler and trimmings, for use in drier, $485.60, also for setting up same and making connections, etc., $47.25. Issue and pay voucher and charge to "Plant."

NOTE.—Hereafter, no special directions will be given as to entries, unless in the case of exceptional or difficult transactions.

H. T. Bell, Arthur Moore, and J. A. Martin, have paid cash for the amounts due from them on Installment No. 2.

Our traveling salesman, John A. Martin, sends in his expense bill for the week ending July 27, amounting to $47.50. He requests that we remit to him a check covering the amount of this bill, also $25 on account of salary. His request is complied with.

NOTE —Commercial travelers usually send in weekly bills for their expenses, which amounts are remitted to them direct, but on account of their absence from the place of business, their salaries are not usually paid regularly each week. For this reason it is convenient to keep personal accounts with them, crediting them periodically with salary due and charging them with all payments on account of salary. Their expense bills are paid and charged to "General Expense," vouchers being made out as in the case of other bills. In the present case, charge Mr. Martin in the Cash Book with the $25 sent him on account of salary, and remit voucher with payment for the expense bill. In business, a separate check would be sent for each amount.

Arthur Moore, having in contemplation the sale of a portion of his corporation interests, surrenders his two installment certificates, Nos. 7 and 14, and requests you to issue in their stead two other certificates, one for 100 and the other for 150 shares. Take Mr. Moore's certificates from the "Installment Certificate" envelope, cancel them, and attach to their original stubs, and issue him two new certificates for the amounts desired, each one covering installments 1 and 2, or 75 per cent of the face. Credit him in the Installment Ledger for the amount still unpaid on the two certificates cancelled, and charge him with the new ones issued.

Read "Transferring Stock," page 7, and see R. C. Venable's Account in Installment Ledger, page 14.

Charles Baker, traveling salesman, reports traveling expenses for the week ending July 27, $61.20, and A. W. Long reports expenses amounting to $41.15. Issue and pay the necessary vouchers and make entries as heretofore.

Stuart & Hall remit their check in payment of their purchase of July 27, less the specified discount allowed on the two classes of goods covered by their bill.

The clerk of the Board of Public Works, Mr. S. A. Balcom, presents a bill for our water rates for July amounting to $71.25. Voucher with payment, charge to "Gen. Expense."

Sold A. T. Melville & Co. at list terms, 75 Cs. ea. Straw., Rasp. Blk. and Cr. Ap. Jam, and 100 Bx. Orchard Peaches.

Arthur Moore wishes to transfer to H. T. Bell Installment Certificate No. 16 for 100 shares. Take the certificate from the Installment Certificate envelope, fill out the form on the back, and present it to your teacher who will sign for Mr. Moore. Cancel the certificate and attach to the original stub, then issue a certificate to the transferee for the required number of shares. Make entries in the Installment Ledger as instructed on page 7.

E. P. Moody presents foremen's receipts for $2462.25 for raw products purchased, $1756.40 of which is for the Cannery and the remainder for the Drier.

The B. & O. Ry. presents bills for freight as follows:—

July 29. 100 bbls. Sugar, C. S. Ref. Co., 31250 lbs. at 12½c per cwt.
" 31, 1 Car. Lumber O. L. Co., Cleveland..... $21.50
Aug. 1, 1 steam boiler, etc., Eagle Boiler Co., Cleveland..... 34.20

Make out and pay voucher. Charge the items of the bill to the proper accounts as indicated by the several shipments. Pro rate the item of freight on lumber between the drying and canning departments, on the basis of charges against these departments when the lumber bill was paid.

NOTE.—In pro rating charges of this kind, exact mathematical accuracy is not required. Drop the cents and find the percentages as follows:—

$165÷$379=43.5+or 44 per cent.
$21.50x44 per cent=$9.46. Freight charge to Canned Goods Casing Dept.
$21.50—$9.46=$12.04. Freight charge to Dr. Ft. Casing Dept.

The pay roll for the week amounts to $1915.10 for the Canning Dept. and $681.50 for the Drier. Issue a voucher to the acting superintendent, C. W. Peters, charging the amounts to the respective labor accounts.

Pay cash for salaries for company officers, same amounts as for week ending July 27.

Post the books to date following previous instructions. Close Cash Book and prepare a Trial Balance of the Ledger, which you will submit to your teacher for approval.

PROCEEDINGS OF A CALLED MEETING OF THE BOARD OF DIRECTORS TO HEAR REPORT OF SUPT. BARNES REGARDING THE PURCHASE OF NEW MACHINERY, ETC.

Mr. Barnes made an extended verbal report, describing the various cannery plants he had visited and making recommendations as to the changes in the present plant and machinery which seemed to him desirable. The plans proposed would involve an expenditure of from $60,000 to $75,000, and enable the capacity of the cannery to be doubled.

Lengthy discussion of Mr. Barnes' report.

Committee consisting of directors Martin, Douglas, and Moore, was appointed to co-operate with Mr. Barnes, and take immediate steps to enlarge the plant and provide it with improved machinery in accordance with his suggestions.

A call was made for payment of the third and final Installment of Subscribed Stock, the same to be due on or before Aug. 17.

The Secretery was instructed to investigate the present condition of the Company's insurance policies, and to arrange for increasing the same.

The Secretary was also requested to prepare and submit at the next meeting of the Board, a code of By-laws for the government of the Corporation.

Meeting adjourned to Aug. 17, 1901, at 7:30 p. m.

NOTE.—The student should write up these minutes in the Minute Book, exercising all the care that he would use were he holding the responsible position of Secretary in a real corporation. It is only by actual and faithful practice that one can learn to do work of this kind. He should also try his hand at preparing a set of By-laws, such as he would consider desirable in the case of a corporation of the nature of the Central Canning and Drying Co. These By-laws might cover such matters as, 1. The time of holding the annual meeting of Stockholders. 2 The time of Directors' regular meetings. The general duties of the officers. 4. Regulations governing the expenditure of the Company's funds, the auditing of the accounts, etc.

Memoranda for Aug. 10.

D. S. Milton & Sons renew their note of May 12, fav. D. F. & Co., for $487.50 with accrued interest at 8 per cent to date, giving us a new note at 60 days for whole amount due.

NOTE.—Find the time by counting the days from one date to the other.

The foreman of the Cannery hands in a charge ticket, showing that 75 bu. of Peaches costing 85c per bu. and which were purchased for the Cannery, have been transfered to the Drier.

NOTE.—In a manufacturing business transfers are often made from one department to another, and of course, must be entered on the books when accounts are kept with the separate departments. The usual method is for the foreman of the department making the transfer, or his clerk, to make out a "Charge Ticket" or transfer bill in which the goods are described and their value stated. To prevent mistake, the charge ticket should be "OK-ed" or otherwise countersigned by the receiving foreman or clerk before being handed to the bookkeeper. The department to which the goods are transferred is debited, and the department making the transfer is credited. See entry for June 9, page 33.

Marvin & Wright, Cincinnati, O., have ordered for immediate shipment at list terms: 100 Cs. Stand. Tomat.; 75 Cs. Pie Ap.; and 200 Cs. Stand. Cher. We find that we lack 75 cases of having enough Standard Cherries in stock to fill this order. We have, therefore, purchased of the Eagle Canning Co., of Marion, O., on account, 75 cases of cherries of same grade at $1.05 per case.

This is a transaction for which no provision has been made in the Voucher Payable Register and we therefore make a Journal entry. See entry for Jan. 10, page 33.

C. H. Webster & Son of Hocking, O., have delivered three cars of coal, 21½, 22, and 23¾ tons, at $1.25 per ton. Billed Aug. 5, at 30 days.

We have sold to Farnham, Blair & Co. our entire stock of Canned Tomatoes, 1250 cases "Perfection" at 60c and 985 cases "Standard" at 40c net. They hand their check for $500 in part payment and their 60 day acceptance for balance. See entry for Jan. 11, page 33.

Pay Carter & Hall's bill for stationery and minor supplies out of Petty Expense Fund, $12.25.

The Daily Journal Co., Hillsdale, O., present their bill of Aug. 1, for printing letter heads, etc., and for ruling and binding a set of office books, $124.15. Issue Voucher with payment. Charge this and any future expenditures for similar purposes to General Expense.

The firm of R. C. Noble & Co., Sharon, Ind., has made an assignment and the receiver has arranged to settle with creditors at 75 per cent. We accept the arrangement and receive a check for the amount due us on this basis, and close the account. See entry for Jan. 14, page 33.

A. F. Scott, Hillsdale, O., presents buyer's checks for 17 tons Tomatoes from his farm that have been delivered at cannery; price, $6.00 per ton. Proceed as heretofore.

The First National Bank presents for collection, Douglas, Fenton & Co.'s acceptance of June 11, 1901, (assumed by the new company) in favor of the Ohio Manufacturing Co. of Cleveland, for $621.50. We hand the bank our check and take up the acceptance.

We have purchased of Venable, Davis & Brown, wholesale grocers of Pittsburg, Pa., supplies for Canning Dept. (Miscellaneous) amounting to $258.25. The goods are billed Aug. 2, at 5/30 n/60.

Stuart & Hall, Aurora, Ill., have placed an order at list terms for 40 Cs. Pie Peach., 75 Cs. Perf. Cher., 50 Cs. Perf. Corn, and 100 Bx. Orch. Peach.

We have remitted a check to Braile & McKnight for their bill of July 11 for $329.70 (rendered to Douglas, Fenton & Co. and assumed by the new Company) less allowed discount of 5 per cent.

NOTE.—As this is an old account, a voucher would not be used. Enter on the credit side of the Cash Book, also in Mdse. Dis. Cr. column. Debit the firm with the sum of the remittance and discount and close and rule up the account.

J. H. Rankin, Beulah, O., has delivered for the Drier 175 Bu. Silver White Peaches at the contract price, 75c per bu.; also 85 bu. choice Crawfords for the Cannery at $1.15. Voucher with payment.

We have sold to M. C. Anderson for Cash, certain refuse products, as per bills presented by the foremen. Those from Cannery amount to $74.20, and those from the Drier to $50.55. As this is not an ordinary sale of our manufactured products, an account is not opened with Mr. Anderson. Merely credit "Canned Goods" and "Dried Fruits" with the proper amounts in the Cash Book.

Geo. P. Morton pays Installment No. 3 with cash in full, and presents his Installment Certificates with a request for the issue of his stock. Proceed as instructed on page 6.

J. M. Rice & Co., Louisville, Ky., buy a trial order of 125 Cs. Stan. Peach., 75 boxes Dia. Apples, and 40 Cs. ea. of Straw., Blk., and Rasp. Jam. The goods are billed at 30 days net, and charged at 3 per cent less than list prices.

The Directors have allowed E. P. Moody to pay Installment No. 3 with his demand note with approved security, and bearing interest at 6 per cent. Mr. Moody presents the note, and his stock is to be issued at once.

C. A. Gregory & Co. report a shortage of 2 Cs. Bk. Beans and 1 Cs. Pears in our shipment of the 3rd, verifying their statement with railway freight bills. We send them Memo. of Credit for the amount.

The Brandon Co., Trenton, N. J., offer us a special discount of 3 per cent from the face of their bill, provided we will make immediate settlement in Cash. We send Voucher with check less discount.

John Maxwell, Clinton, Ia., remits cash less 4 per cent discount to balance account.

Additional insurance policies covering property belonging to the company, have been taken out in various companies, the combined premiums on which amount to $78.20. Paid in cash.

A portion of the Cannery floor gave way, and the accident resulted in breakage and other damage to stock amounting to $75.40. Cash was paid for extra labor in clearing away the wreckage, packing, etc., $15.60. Charge to Loss and Gain. Journal entry.

The Chicago Tinning Co. send bill of Aug. 6 for supplies for the Cannery tin shop, amounting to $42.70. Terms, 30 days less 5 per cent.

The Great Northern Hotel Co. of Chicago, have purchased at list terms 20 cases each of our entire line of Jellies.

A. T. Melville & Co. remit cash to balance account less allowed discounts and Memo. of Credit sent them Aug. 3. Deduct shortages allowed on bill of July 27, *before computing the discount.*

The foreman of the Drier hands in charge tickets for raw products transferred to Cannery as follows: 45 bu. Peaches @ 65c, 25 bu. Apples @ 45c.

The Hillsdale Hardware Co. present bill of Aug. 9 for 25 Kegs Nails @ $2.55 for Cannery Casing department. Voucher with payment.

Pay the third installment on your own stock in cash. Issue installment certificate and close up your Installment Ledger Account, after which issue your stock in three certificates of 60, 40, and 25 shares, respectively, properly crediting your account in the Stockholders' Ledger for each certificate issued.

NOTE.—As Secretary you have a right to issue your own Stock Certificates as you would those of any other stockholder, provided that the stock has been paid in full and the certificates are duly countersigned by the president.

S. H. Bannon & Co. of Syracuse, O, order at list terms and prices 150 Cs. Perf. Tomat., this year's crop. We are short 50 cases on this order and have bought the required quantity from the Eagle Canning Co. on account at 70c net.

C. H. Bell & Co. report six boxes of the peaches sold them on Aug. 3, as being damaged and unfit for sale, and ask for a memoranda of credit for invoice cost. We comply with their request.

The B. & O. Ry presents Freight bill for week ending Aug. 10, as follows: 3 Cars Coal C. H. W. & Co., Hocking, O., $24.75; Venable, Davis & Brown, Pittsburg, Pa., $34.90; Chicago Tinning Co. $6.25, Voucher with payment.

Pro rate this bill among the accounts involved as shown by the Voucher Record.

Supt. Barnes presents pay roll for the week as follows: Canning Dept. $2,025.60. Drier $714.75. Proceed as heretofore.

Pay and enter up the weekly salaries for the same amounts as last week.

Our traveling salesmen report expense bills for week ending Aug. 3, as follows: A. W. Long, $47.20; Chas. Baker, $52.80; J. A. Martin, 38.75.

We have paid Mrs. A. W. Long $50 on account of her husband's salary, and we have, on request, remitted J. A. Martin $75 on his salary account.

All amounts due on Installment No. 3 have been paid in cash. Issue the required stock certificates. Close the several accounts in the Installment Ledger, and open the required accounts in the Stockholder's Ledger.

Post the books to date and take a Trial Balance of the Ledger.

NOTE.—Open the account with the Eagle Canning Co. in the General Ledger.

Prepare a schedule of the balances of the several accounts in the Sales Ledger, in order to see if their total agrees with the balance of your Sales Ledger Account. Submit these to your teacher for approval before continuing your work.

Memoranda for Aug. 17.

A. S. Holloway, Columbus, O., orders at list terms, 150 cases Standard Peaches.

The Buckeye Manufacturing Co., of Cincinnati, have delivered and set up new machinery in the Cannery, as per bills rendered, Aug. 15, amounting to $15,586 45. These bills have been duly approved by the proper corporation officials and filed. We issue voucher with N. Y. Draft in payment. We pay $2.50 exchange on this draft which is charged to Gen. Expense in the Cash Book.

We have been awarded the contract for supplying the canned goods and dried fruits required by the Asylum for the Insane at Kalamazoo, Mich. We are to deliver these goods at the Asylum storeroom at Kalamazoo at our list prices. In accordance with these terms, we have shipped per their order of Aug. 16, 50 cases each, of our Perfection Peaches, Pears, Blackberries, Cherries, and Apples; 100 cases each of Boston Bk. Beans, "Perfection" Corn, and Perfection Peas, prepaying the freight charges in cash, amounting to $65.45. Charge this and other similar freight bills to the Canned Goods Account.

We have received from A. T. Casterlin of Benton Harbor, Mich, 150 bu. Peaches @ $1.25 for canning and 90 bu. Peaches @ 85 cents for Drier, as per his bill of Aug. 12, we remit voucher with Chicago dft. for payment.

We have sold to the Eagle Canning Co., on account, 75 cases Perfection Green Beans at 85 cents net.

NOTE.—As our account with the Eagle Canning Co. is in the General Ledger, the entry of this sale should be made in the Journal, and *not* in the Sales Journal, since the latter book is exclusively for entries that are to be posted to the Sales Ledger.

S. H. Arthur & Co. settle their account to date with their note at 60 days.

Pd. Cash from Petty Expense fund for electric light fixtures, $2.50; a dusting brush, 50 cents; a broom, 35 cents; and a floor sprinkler, 40 cents.

We have handed the First National Bank our check to pay Douglas, Fenton & Co.'s note of May 19 (assumed by the company) in favor of Seymour & Co., Chicago, for $649.20 with 90 days interest at 7 per cent.

Remitted Chas. Baker on account of salary, $125.

Sell 25 shares of your C. C. & D. Co. stock to M. F. Coe of Newbury, Ind.

NOTE.—As this is a transaction concerning yourself personally, no entry in the Operating Books is required. Transfer the stock to Mr. Coe, as instructed on page 7.

A called meeting of the stockholders was held on this date to consider the matter of purchasing from the owner, J. S. Henderson, the site and buildings at present occupied by the company. All stockholders were present except Mr. Martin and Mr. Nelson. The Secretary, at the request of the President, read a communication from Mr. Henderson in which he offered to give a warranty deed to the property, free of all taxes and other incumbrances, for the sum of $50,000 in Cash. Mr. Fenton offered a resolution in favor of the proposed purchase and addressed the meeting in favor of accepting Mr. Henderson's proposition.

Several stockholders spoke on the question, some favoring and some opposing the proposed investment. Mr. Douglas moved that the vote be by ballot, and that the result be spread upon the minutes. The stockholders cast votes as per shares held by them, as follows:—

For the purchase, Messrs. Fenton, Hanlon, Barnes, Student, and Morton.

Against the purchase, the remainder of the stockholders present. Mr. Fenton held a proxy from Mr. Martin and voted his shares in favor of the resolution. Mr. Douglas held Mr. Nelson's proxy and voted his shares against the purchase. After the matter of the Henderson purchase had been disposed of, it was moved by Mr. Douglas that the reserved Treasury Stock, provided for by the Articles of Incorporation, be placed on the market, the same to be held open for sale under such regulations as may be made by the Board of Directors; provided, that none of this stock be sold at less than 10 per cent below its par value. After some discussion this motion was carried unanimously. No further business was transacted at the stockholder's meeting, but upon its adjournment, a meeting of the Board of Directors was at once held, a full board being present. Director Moore offered a resolution to the effect that the Treasury Stock should be offered for sale to the public under the following conditions:—

First, that a cash payment of not less than 25 per cent be required on all stock sold, with

secured notes or other securities approved by the President and Treasurer of the Company for the balance, said notes to bear 6 per cent interest.

Second, that for the present, stock which is to be paid for in full in cash be offered at 5 per cent below par.

The resolution was carried without dissent.

On motion, the Secretary was instructed to close the books and prepare a financial statement, exhibiting the state of the business at the close of the week ending Aug. 17, with a view to ascertaining if the results of the first month's business would justify the declaring of a dividend. Meeting then adjourned.

Write up the minutes for both meetings, giving a schedule of the votes cast by the stockholders at the stockholders' meeting, and the majority in favor of the purchase of the Henderson property.

Prepare for booking sales of Treasury Stock by making the Journal entry as instructed on page 22

No. *E. 176*

VOUCHER CHECK.

Amount *$451.39*

If this voucher does not agree with your books, return WITHOUT ALTERATION and state difference.

T. M. SINCLAIR & CO. Ltd.
Cedar Rapids, Iowa.

Pay to the order of *H. S. Potter & Co.,*

128 Dearborn St., Chicago

Four Hundred Fifty-one $\frac{39}{100}$ DOLLARS.

1901

May	*7*	*Mdse per Invoice of April 28. 30d*	*475 15*	
		Less 5 per cent	*23 76*	*451 39*

Examined: *R. Sinclair,* Secretary.

Approved: *C. P. Carter,* Treasurer.

$ *451.39*

Date *Chicago, May 28,* 190*1*

Received from T. M. SINCLAIR & CO. LTD., Cedar Rapids, Iowa,

Four Hundred Fifty-one $\frac{39}{100}$ DOLLARS,

being in payment of above account.

H. S. Potter & Co., Payee.

Per J. N. P.

Special Notice—Receipt only by those having authority, and *in ink*. Paying bank will not accept unless conditions are complied with.

PAYEE SHOULD ALSO ENDORSE.

Form for Endorsement on Back of Voucher Check.

No. *E 176*

Endorsement should appear below.

T. M. SINCLAIR & CO. Ltd.,

Cedar Rapids, Iowa.

H. S. Potter & Co.
Per J. N. P.

Payable to *H. S. Potter & Co.,*

128 Dearborn St., Chicago.

or order.

The Commercial Exchange Bank of New York will pay the amount of this Voucher when properly signed and endorsed.

Voucher Check. Many large concerns make their payments by means of a combination check and voucher, which is known as a "Voucher Check." It consists of an ordinary voucher on the back of which is an order to a designated bank, authorizing the payment of the voucher to the payee or his order, when properly countersigned by the firm issuing it and receipted by the firm to whom it is payable.

The payee is required to endorse the check when he receives payment, after which the instrument is returned by the bank to the drawer, as in the case of an ordinary check.

The use of the voucher check saves the making out of ordinary checks, relieves the payee of the necessity of returning the voucher, and saves the trouble of subsquently attaching together the voucher and check, which is often done when these are issued as separate papers.

The accompanying form illustrates the voucher check as it is used by one of the greatest manufacturing concerns in the West.

Hereafter, you are to use voucher checks for all payments requiring the issue of vouchers. A book of voucher checks will be found in your equipment. In issuing them, fill out all forms completely, with the exception of the receipt which is filled out by the person receiving the voucher check, and before he presents it at the bank for payment.

Adams & Robinson, the Company's attorneys, present their bill dated Aug. 1, for their services in connection with the organization of the Company, $25. Issue voucher check.

O. C. Oliver & Co. order at list terms, 75 cases Perfection Tomatoes, 100 cases Standard Peas, and 45 boxes Diamond Peaches.

The purchase of the J. S. Henderson property has been duly consummated, and the company's certified check for the purchase price, $50,000, has been handed to the former owner. Charge the amount to Plant in Cash Book.

We have taken out additional insurance policies on the Plant, the premiums on which, amounting to $75.80, have been paid in cash.

We have sold to A. T. Melville & Co. at 30 days net, our remaining stock of Dried Peaches of last year's crop, 275 Boxes "Diamond" at 7 cents and 125 Boxes "Orchard" at 5½ cents.

James Douglas has sold to A. W. Nelson, 75 shares of his company stock. Proceed as instructed on page 7.

The Cedar Creek Milling Co. of Alma, O., have delivered at the Drier box shop, 20 M ft. Poplar boards, @ $14.50. Bill of Aug. 15; terms, 30 days net. Make out, but do not deliver voucher.

Chas. A. Shaw, 568 State St., Chicago, has bought 50 shares of Treasury Stock in accordance with the terms prescribed by the Board of Directors, and remits a certified check for 25 per cent of the amount, and his approved note at 60 days for the balance. (Journal Entry). Issue the stock and make necessary entry in Stockholder's Ledger.

Our buyer, Mr. Moody, presents certificates for purchase of raw products as follows: Cannery, $1775.25. Drier, $856.20. Issue voucher check.

An invoice of miscellaneous supplies for the Cannery has been received from the Union Spice Co. of Philadelphia, as per their bill of Aug. 8th, $72.15. Terms, 5/30.

NOTE.—Do not compute discount or fill out check part of voucher till maturity.

One hundred bushels of apples purchased for the Drier at 50 cents per bu. have been transferred to the Cannery.

Stewart & Hall have remitted cash, less 5 per cent, to balance their account with Douglas, Fenton & Co., the amount of which was $247.50 before discount.

Owing to a general advance in the prices of food products, it has been decided to revise the Quotation List and increase prices. Hereafter use Quotation List No. 2, for all sales. Put "Quotation List No. 1" away where it cannot be used by mistake instead of the other.

We have sold to John Maxwell, Clinton, Iowa, at 60 days, 50 Cs. Stand. Cher., 100 Cs. each of Per. Corn and Tomat., and 25 Box Orch. Pears. He is to pay our revised prices with a discount of 5 per cent off if payment be made within 30 days.

The Great Northern Hotel Co. remit cash to balance account less allowed discount.

C. R. Jones, 495 Main St., Cincinnati, O., has purchased 75 Shares of Treasury Stock at 5 per cent discount paying cash for the same. For required entry see page 19.

P. Harrington presents bill for drayage to date, $62.25. Voucher Check.

We have sold to the Graham Grocery Co. at list prices, less 5 per cent for cash in 30 days, 60 days net, 200 Cs. Perf. Tomatoes, 50 Cs. each of Rasp., Straw., and Blk. Jam, and 75 Bx. Dia. Peaches.

The Ohio Lumber Co. buy of us on account 7500 ft. of rough pine at $9.50 per M., bought originally for the Casing Dept. of the Cannery but which was found unsuitable for the purpose intended. (Journal.)

E. P. Moody has bought 25 shares of Treasury Stock at par, paying 25 per cent in cash and his note for the balance with approved security.

Sold to C. A. Gregory & Co. at list terms: 75 Cs. B. Bk. Beans; 125 Cs. Perf. Corn; 125 Cs. Perf. Tomat.; 100 Cs. Perf. Peas, and 40 Bx Orch. Peach.

We have sold to the Great Northern Hotel, at list prices net F. O. B. Chicago: 15 Cs. each Blk., Straw., Rasp. and Cr. Ap. Jam. The freight charges are $7.25 which we prepay in cash.

Chas. T. Fenton buys 50 shares of Treasury Stock at 5 per cent less than par, paying for the same in cash.

A. B. Holloway remits cash in payment of our bill of Aug. 3, and prepaid expressage, less allowed discount, on merchandise charge.

The Morgan Evaporator Co., Cleveland, O., have delivered and set up machinery for the Drier, as per their bill of Aug. 16th amounting to $7946.75. Terms 5/30 n/60.

The Kalamazoo Asylum sends us a bill for $8.25 for drayage paid by them on our recent shipment. We remit cash for the amount.

NOTE.—In ordinary mercantile business, a payment of this kind would probably be adjusted by simply deducting the charge from the amount of the bill when the remittance is made. But when the Voucher System is used (as is the case in most State and Government institutions) the necessity for agreement of amounts in the bill, with the voucher, and the check by which it is paid, requires that drayage, or other items of a similar character, be treated as separate charges, which are adjusted before the seller's bill is audited and paid.

The Supt. files pay roll for the week: C. Goods Dept., $2244 70; Drier, $821.40.

On account of ill health, our traveling agent, A. W. Long, has resigned. He presents his expense bill for the week for $41.15. We issue voucher with payment for this bill, after which we hand him a check for one month's salary, less what has already been paid him. Make a Journal entry "General Expense to A. W. Long" crediting him one month's salary, then post and close his account.

NOTE.—Separate Cash Book entries should be made for the voucher and the salary payment.

Chas. Baker reports weekly expense bill for $49.10 and requests a payment of $50 on salary account. Voucher and check are sent him for the required amounts.

J. A. Martin forwards expense bill for $39.60. Voucher.

The B. & O. Ry. freight bill for the week is as follows:—

Buckeye Manf. Co., Cincinnati, Machinery, etc.	$92.15
A. T. Casterlin, Benton Harbor, Mich., 240 bu. Peaches	84.
Union Spice Co., Phila., Mdse.	6.25
Morgan Evap. Co., Cleveland, Machinery, etc.	59.20

Proceed as with previous freight bills, properly pro-rating the amount among the several accounts affected and issue Voucher Check.

NOTE.—The freight on the peaches should be apportioned according to the number of bushels, *not* to the cost.

Credit Chas. Baker and J. A. Martin each with one month's salary.

Pay the usual office salaries for the week.

Post the books and prepare trial balance.

You are now to effect a general closing of the books for the purpose of ascertaining the present financial condition of the concern, and, should results justify it, to distribute accrued profits by means of a dividend. In ordinary business this would usually be deferred until the close of the season, but should it appear that the business of the concern had been profitable, sound financial reasons might exist for declaring a dividend at once. Thus the prosperity evidenced by the declaring of a substantial dividend, might give a desirable stimulus to the market value of the Treasury Stock, or help to establish the credit and business standing of the company.

After your Trial Balance has been approved by your teacher, you may proceed to prepare a financial statement, or balance sheet, and close the books in accordance with the following

Instructions for First Closing.

The model Trial Balance and Statement, on page 56 and 57, with the exception of amounts are identical with those required for this closing. It will be well for you to study them somewhat, before proceeding to prepare your own statement.

Observe that the balances of the Franchise and Treasury Stock accounts are listed among the resources, that the total Capital Stock is listed as a liabilty, and, that the general balance of the resources and liabilities, as thus listed, constitutes the net gains of the business. Notice how the several department accounts of Canned Goods and Dried Fruits are combined, so as to show the total inventories, cost, receipts, and gains for each of these two main departments of the business. These totals, as given under the Schedule of Gains and Losses, are obtained by combining the amounts of the department accounts as listed in the Trial Balance.

Notice that the gain on the Interest Account is obtained by adding the accrued interest payable to date, to the total debits, and subtracting the result from the sum of the credits and the accrued interest receivable. Observe that the question as to the gain or loss on the interest account for any business period, depends not on whether we owe more interest than is owed to us, but on whether more interest payable or more interest receivable, has accrued since the last closing of the books.

When satisfied that you understand the methods involved in the model statement, you may proceed to the preparation of your own statement, assuming the following inventories:—

Canned Goods	$21568.50
" " Raw Product	347.20
" " Casing	258.60
" " Miscellaneous	821.15
Dried Fruit	1243.25
" " Raw Product	356.20
" " Casing	154.90
Fuel	95.75
Interest Receivable	79.50
Interest Payable	187.50
Plant (at cost)	153585.

When your statement is prepared, submit it to your teacher for approval.

Your statement having been submitted to a called meeting of the Board of Directors, after due

consideration, they decide to declare a dividend of three per cent on the issued Stock, the same to be payable in cash, on or before Aug. 24, 1901, and instruct the Secretary to prepare a Dividend List and remit by check the amounts due the several stockholders as shown by the Corporation books.

Write the minutes of this meeting, after which close the book, proceeding as follows:—

1. Enter in red ink all inventories in the respective accounts.

2. Prepare on a loose sheet of Journal paper, entries for closing the several accounts of the General Ledger, as indicated by the accompanying model entries, which are those required for the Model Statement, page 57.

Canned Goods	17161.50	
C. G. Raw Product		6846.45
" " Casing		686.05
" " Miscel.		1506.55
" " Labor		8122.45

Entry for closing Canned Goods Dept. accounts.

NOTE.—The credit items of this entry are the several balances of the Canned Goods Dept. Accounts *AFTER the inventories HAVE BEEN ENTERED.* The entry for closing the Dried Fruit Dept. Accounts is obtained in the same way.

Dried Fruit	5646.41	
Dr. Fr. Raw Prod.		2480.41
" " Casing		419.75
" " Labor		2746.25

Entry for closing Dr. Fr. Dept. Accounts.

Model Trial Balance, Aug. 17.

Cash	15172 33	
Capital Stock		250000
Treas. "	5000	20000
Franchise	20941 26	
Plant	153641 20	
Canned Goods	2312 55	7062 15
" " Raw Prod.	7258 90	71 20
" " Casing	1015 60	68 40
" " Miscel.	2341 75	
" " Labor	8122 45	
Dried Fruit	571 16	6721 35
" " Raw Prod.	2915 90	86 24
" " Casing	582 50	
" " Labor	2746 25	
Vouchers Payable	42816 25	53638 70
Fuel	342 06	
General Expense	2618 20	
Petty "	50	
Mdse. Disc.	91 42	153 70
Bills Receivable	16295 80	702 30
Bills Payable	1321 45	2216 50
Interest	75 21	192 45
Sales Ledger	15894 20	7325 60
Chicago Tin. Co.		192 15
J. A. Martin	125	150
Eagle Can. Co.	62 95	115 80
Loss and Gain	178 30	
Ohio Lumber Co.	75 60	96 75
Stock Discounts and Premiums	650	
Chas. Baker	200	125
	348918 29	348918 29

Model Statement, Aug. 17.

RESOURCES.

Cash			15172 33	
Plant Inventoried at cost			153641 20	
C. Goods	Invt.	$21632.56		
" " Raw Prod.	"	341.25		
" " Casing	"	261 15		
" " Miscel.	"	835.20	23070 16	
Dr. Fruit	"	$1251.16		
" " Raw Prod.	"	349 25		
" " Casing	"	161.75	1763 16	
Fuel	"		97 30	
Bills Receivable			15593 50	
Sales Ledg. Acct.			8568 60	
Interest Rec. (Accrued to date)			81 20	
Petty Expense (Unexpended)			9 15	
Chas. Baker (Salary overdrawn)			75	
Treasury Stock (Unsold)			30000	
Franchise			20941 26	269012 86

LIABILITIES.

Capital Stock	250000	
Vouchers Payable	10822 45	
Bills "	895 05	
Interest " (Accrued to date)	192 25	
Chicago Tin. Co.	192 15	
Eagle Canning Co.	52 85	
Ohio Lumber Co.	21 15	
J. A. Martin (Salary account)	25	262200 90
Bal. Net Gain		*6811 96*

Schedule of Gains and Losses.

GAINS.

C. G. Dept. Credits	$ 7201.75			
" " Invt.	23070.16	$30271.91		
" " Cost		21551 25		
" " Gains			8720 66	
Dr. Fr. Dept. Credits	$ 6807 59			
" " Invt.	1763.16	$ 8570 75		
" " Cost		6815 81		
" " Gains			1754 94	
Interest Credits and Inventory		$ 273.65		
" Debits " "		267.46		
" Gains			6 19	
Mdse. Discounts			62 28	10544 07

LOSSES.

Gen. Expense			2618 20	
Petty Expense Reserved		$ 50.00		
" " Unexpended		9.15		
" " Loss			40 85	
Fuel Cost		$ 342.06		
" Invt.		97.30		
" Loss			244 76	
Loss and Gain			178 30	
Stock Prem. and Dis.			650	3732 11
Bal. Net Gain				*6811 96*

Canned Goods	8720.66	
Dried Fruit	1754.94	
Interest	6.19	
Mdse. Disc.	62.28	
Loss and Gain		10544.07

For closing accounts showing gains.

Loss and Gain	3553.81	
General Expense		2618.20
Petty Expense		40.85
Fuel		244.76
Stock, Disc. and Prem.		650.

For closing accounts showing losses.

Loss and Gain	6811.96	
Dividend No. 1		6600.
Surplus		211.96

For balance of L. & G. carried to Surplus Account and Dividend No. 1, for dividend of 3 per cent on issued Capital Stock $220,000

When your closing entries have been approved by your teacher, copy them into your Journal, post them to the Ledger, rule up the several accounts, and bring down all inventories.

NOTE.—It is unnecessary to close the other ledger accounts, but this may be done in any case when the totals for forwarding are inconveniently large, as in the case of the Sales Ledger, Bills Receivable, Vouchers Payable and a few other accounts. Should it be found desirable to balance and close any of these accounts, it may be done without making Journal entries. It is in accord with the latest accountancy practice, however, to employ Journal entries, when closing the several financial accounts at the conclusion of a business period.

Before beginning the records of the new business period, prepare a Preliminary Trial Balance, in order to be assured that the books are in balance. Mistakes may have occurred in forwarding the balances, etc. Before preparing this Trial Balance, be sure that all inventories or balances are properly brought down. When the Trial Balance is prepared, submit it to your teacher for approval, after which continue business as follows:—

Memoranda for Week Ending Aug. 24.

The Cash dividend of three per cent on the issued stock is to be distributed in accordance with the vote of the Board of Directors. Enter in the Dividend Book, as shown on page 17, crediting each stockholder with the sum to which he is entitled as shown by the number of shares standing to his credit in the Stockholders' Ledger. Assuming that checks have been drawn and remitted to the several Stockholders, make a credit entry in the Cash Book, charging "Dividend No. 1," with the amount of the dividend, post this entry, and properly rule up the account.

We have received from the Kalamazoo Asylum their voucher with check for our invoice of Aug. 17th.

Voucher No. 15, favor Chicago Sugar Refining Co., has been paid with Chicago dft. less the discount to which we are entitled by the terms of sale.

Arthur Moore hands us cash for his note given July 27, in payment of the first installment of his stock, with 6 per cent interest to date.

The Cleveland Fruit Co. of Cleveland, O., present bill of Aug. 20 for 125 Bu. Peaches at 95c. 50 Bu. of this fruit is turned into the Drier and the remainder to the Cannery. (Voucher Check).

The Great Northern Hotel Co. remit Cash to balance account.

We have purchased of Braille & McKnight, St. Louis, terms 5/30, tinning supplies for Cannery as per bill rendered Aug. 22, for $149.64.

We have sold Angell & French, Cleveland, O., at list terms, 150 Cs. Stan. Cher.; 75 Cs. B. Bk. Beans; and 40 Cs. each of our full line of jellies.

We have received from R. S. Cox of Monmouth, O., a shipment of 385 Bu. White Beans, and his bill for same at $1.75 per bushel, dated Aug. 17. Voucher Check.

C. A. Gregory & Co. remit Cash in payment of our invoice of Aug. 3, less allowed discount and our memorandum of credit of Aug. 10.

Pay to Ohio Telephone Co. telephone rent to Aug. 1, $4.75, out of Petty Expense Fund.

Farnham, Blair & Co. hand us Cash to balance their account to date.

Sold to Marvin & Wright, at list terms, 75 Cs. Pie Peach.; 50 Cs. Pie Blk. and 40 Cs. each of Stan. Pears and Cher. They remit with this order a check for such a sum as will entitle them to a credit of $400.

The Treasurer of the company hands you a check for $25 for Petty Expense Fund.

A. J. McCoy pays his note of Apr. 26, 1901, favor of Douglas, Fenton & Co. for $126.55, with interest from date at 6 per cent.

NOTE.—In computing the interest, find the time by taking the exact number of days from Apr. 26 to Aug. 24.

M. C. Anderson buys on account at 30 days, refuse products of the Cannery amounting to $65.20, and of the Drier $38.75. As this is not a Sales Ledger account, make Journal entry.

The Delavan Machine Co., Hillsdale, O., present their bill of Aug. 20, for repairs on machinery $19.60. Hereafter, unless otherwise directed, issue Voucher Checks for all bills presented except those for time purchases. Use your judgment as to the accounts to be charged.

At a meeting of the Board of Directors, held on Aug. 19, it was decided to sell no more Treasury Stock, except at a premium of 5 per cent, payment to be made in cash, or in first class securities. Supt. Barnes recommended that Henry Simpson be employed as night watchman in place of J. Ryan, who failed to report for duty, at a salary of $15 per week, his employment to date from Aug. 17. The desired action was taken.

Write the minutes of this meeting.

On Aug. 18 a small fire occurred in the Cannery warehouse. The losses as adjusted by the Mutual Ins. Co. are as follows:—

Building $75, 15 cases Cr. Ap. Jel. at list prices, several barrels of sugar (partial damage) $15. The entire amount has been remitted by check. Enter in Cash Book crediting "Plant," "C. Goods" and "C. G. Miscel."

The Kalamazoo Asylum has ordered at list prices, net, 15 Cs. each of Rasp. and Straw. Jam, and 15 Cs. Blk. Jel., 5 Cs. Stan. Ap. B., and 20 Cs. each of Rasp. and Cr. Ap. Jel. We have prepaid freight and drayage in cash, $37.90.

The Graham Grocery Co., Hannibal, Mo., remit Chicago draft for their acceptance of July 25, $456.80.

We have received from A. C. Marmadake & Co., Columbus, O., a shipment of nails and other hardware for our Drier Casing Department, per their bill of Aug. 16 amounting to $71.56. The goods are billed at 30 days, less 5 per cent if paid at maturity.

Sixty bushels of Pears, costing 45c per bu., have been transferred from the Drier to the Cannery.

Douglas, Fenton & Co.'s note of July 1, 1901, for $428.60 in favor of Eugene Barlow & Sons, with interest at 6 per cent from date, has been paid in Cash.

We have paid Voucher No. 16, favor Ohio Lumber Co., with N. Y. dft.

S. A. Rogers & Co's bill of Aug 21 for stationery, etc., $4.25, has been paid out of Petty Expense fund.

We have sold to Stuart & Hall at list terms; 45 Bx. Orch. Peach.; 125 Cs. Perf. Tomat.; 100 Cs. Perf. Gr. Beans; and 50 Cs. Stan. Peas.

A. B. Hillis, Hillsdale, O., has purchased 25 shares of Treasury Stock at 5 per cent premium giving his 60 day note for the same with approved security.

We pay with voucher check the bill of Aug. 23, rendered by L. B. Morley & Sons, Hillsdale, O., for repairing damage to building, caused by fire, $62.45. Debit " Plant," as this account was credited with the insurance.

We have sold to T. C. McLean & Co. of Hillsdale, O., the following goods, at a discount of 6 per cent from our list prices; they pay $250 in cash and hand us their acceptance at 30 days for balance:— 25 Bx. Dia. Ap.; 150 Cs. Stan. Tomat.; 25 Cs. each of Perf. Blk., Cher., and Pears; 75 Cs. Perf. Peach., and 40 Cs. B. Bk. Beans.

The Graham Gro. Co. report a shortage on their order of Aug. 17 of 5 Cs. Per. Tomat. and 1 Cs. Blk. Jam. Have sent them memorandum of credit for the amount.

We have sold to the Eagle Canning Co. on acct. 50 Bx. Dia. Ap. at 6½c per lb. delivered at our warehouse. Journal entry.

The Student buys of A. W. Nelson, 20 shares of Stock. Mr. Nelson first surrenders Certificate No. 17 for seventy-five shares, and has issued to him two other certificates for 55 and 20 shares, respectively. He then transfers the latter to the Student.

We have paid city taxes on company property amounting to $287.95.

H. T. Bell buys 25 shares Treasury Stock at 5 per cent above par, handing us a certified check for the amount.

NOTE.—This transaction should be entered in the Cash Book, "Treasury Stock" and ' Stock Dis. and Premiums" being credited in separate entries.

The Buckeye Manufacturing Co., Cincinnati, have delivered and set up new machinery for the Drier and rendered a bill for the same, dated Aug. 22, to the amount of $4426.70. We pay this bill, remitting voucher with N. Y. dft.

Sold S. H. Arthur & Co. at list prices, less 5 per cent, terms cash on receipt of goods: 75 Bx. Dia. Peach.; 125 Cs. Perf. Tomat.; 75 Cs. Stan. Peas; and 50 Cs. Pie Peach.

Buyer, E. P. Moody, presents foreman's receipts for raw products purchased and delivered to the Cannery, amounting to $1568.75 and to the Drier, $862.15. Voucher Check as heretofore.

We pay P. Harrington's drayage bill to date, $47.60. Voucher Check.

We have sold to the agent of Benson, McGuire & Co., Chicago, dealers in second hand machinery, lot of discarded machinery, castings, belting, etc., as per our invoice, amounting to $2368.90. Terms Cash on receipt of shipment at Chicago. Journal entry.

Finding the sugar purchased of the Chicago Sugar Refining Co., on the 3rd inst, not so well adapted to our purpose as other brands, the superintendent has sold out the remaining stock on hand, 42 barrels, 300 lbs. each, to various local merchants for cash at 5¾c per lb. and turns in the money received.

On Aug. 17, we drew a draft on C. H. Bell & Co., Muncie, Ind., through our local bank for the amount of their balance favor Douglas, Fenton & Co. The bank now reports collection, and has placed the amount to our credit, less 50 cents for collection. Debit Cash for the whole amount, and credit Cash for the collection, charging the item to General Expense.

We have arranged with the steward of Hartwell College, Mayfair, O., to supply that institution with our goods at such prices as may be agreed upon, we to prepay the freight charges. The first order is for canned goods at ten cents per case in advance of our list prices, as follows: 60 Cs. Perf. Tomat.; 25 Cs. each of Perf. Peach., Cher., Pears, and Blackberries. Also, 20 boxes Dia. Ap. at 7¼c, and 25 Bx. Dia. Peach. at 8¾c. Terms cash on receipt of goods. The freight, which we pay in Cash amounts to $9.05 for the Dried Fruit and $10.65 for the Canned Goods.

Our traveling salesmen report Expense Bills for the week as follows: Chas. Baker, $51.90; J. A. Martin, $46.75. Proceed as heretofore.

We pay B. & O. Ry. freight bills for the week as follows:—

Cleveland Fruit Co., 7800 lb. Peaches, 10c per 100, (Cannery $4.68. Drier $3.12). Braille & McKnight, tinning supplies $21.50. R. S. Cox, Monmouth, O., carload beans $32.75. (Cannery). Marmaduke & Co., nails, etc., for Drier casing department 14.20. Pro-rate the amounts among the several accounts affected as heretofore.

The Treasurer has drawn the Company's check for $25, as a contribution to the Fireman's Relief Fund, as authorized by the Directors. Charge to General Expense.

Supt. Barnes reports weekly pay roll as follows:—

Cannery $2369.75; Drier $986.20.

The officers' weekly salaries are paid as heretofore, with the addition of Henry Simpson's salary as night watchman $15.

Post the books and take off a Trial Balance. When the same is approved, continue business as follows:—

Memoranda for Week Ending Aug. 31.

We have received from the American Sugar Refining Co., Cincinnati, an invoice of 50 bbls. Standard Granulated Sugar (300 lb. ea.) at 5¾c per lb. billed Aug. 22. Terms, 10 days net. We send voucher check.

E. P. Moody has transferred 25 Shares of the Company Stock (Cer. No. 20) to C. R. Jones.

A. Monroe & Co. remit cash for their purchase of July 27.

The Great Northern Hotel Co. order at list prices, net, F. O. B., Chicago, 50 Cs. each of Perf. Peach., Pears, Blk., and Cher., and 75 Cs. each of Perf. Corn and Peas.

We prepay freight in cash, $32.50.

The Buckeye Manf. Co., Cincinnati, has placed additional machinery in the cannery, as per bill of Aug. 27, $2568.90 which is paid with Voucher Check.

On the authority of the Directors, our bank balance has been increased by the deposit of the company's 60 day note for $5000, the bank crediting our account for that amount, less 63 day's discount (interest) at 8 per cent. (Debit Cash for face of note and credit Cash for discount.)

A. F. Hanlon has purchased 30 Shares of Treasury Stock at 5 per cent premium, paying for the same by transferring to the Company H. A. Ellison's note (secured by mortgage) for $2500 and cash for balance.

We have sold to A. B. McCall, proprietor of the LaClede Hotel, Evanston, Ind., at list prices net, 20 Cs. each of our Stan. Pears, Cher., Corn, and Peas. He is to remit cash when goods are received.

The Ohio Coal Co., Vernon, O, have delivered three cars of Hocking Valley coal, 46400, 47500 and 46100 lbs., at $1.25 per Ton as per bill of Aug. 26. Terms Cash. Voucher Check.

S. H. Bannon & Co., Syracuse, O., order at list terms 75 Cs. Perf. Tomat., 60 Cs. B. Bk. Beans; 45 Cs. Perf. Peas; and 50 Boxes Dia. Peach.

Fayerweather & Ladew, Chicago, send us bill dated Aug. 20 $167.50, for machinery belting that has been duly received and accepted. Terms 5/30 n/60.

A. B. Holloway of Columbus, Ohio, has failed and we have accepted a cash settlement of his account at 50 cents on the dollar, the receiver sending us N. Y. dft. for the amount.

NOTE.--Since the Sales Ledger Account will be credited from the Journal, make no entry of this payment in the Sales Ledger column of the Cash Book.

C. A. Gregory & Co. have ordered at list terms 125 boxes Dia. Ap.; 175 Bx. Orch. Peach., and 250 Cs. each of Perf. Peach. and Tomat.

Wilson & Gray's bill for desk and chairs for use in the office, $16.25, has been paid out of petty Expense Fund.

L. M. Barnes has purchased 20 Shares of Treasury Stock at 5 per cent premium, paying for the same with his 30 day note.

We have sold to the W. B. Hoyt Co., Chicago, the following wholesale order at prices given; F. O. B., Hillsdale; 500 Cs. Perf. Corn @ 90c; 500 Cs. Perf. Tomat. @ 85c; 400 Cs. B. Bk. Beans @ 95c; 300 Cs. Perf. Peas @ $1.25; 200 Bx. Dia. Peach at 8c per lb.; they are to settle on receipt of the goods, with three acceptances of $500 each, at 30, 60, and 90 days respectively, and cash for balance.

Mr. Moody presents foreman's receipts for raw products purchased and delivered as follows: Cannery $1132.40; Drier $528.75.

Traveling salesmen's expense bills for the week, which are paid as usual, J. A. Martin, $47.50; Chas. Baker, $61.15.

The pay roll for the week, is as follows: Cannery $2387.50. Drier $951.15.

The B. & O. Ry. freight bill as follows:—

Am. Sugar Refining Co., Cincinnati, 50 bbls. Sugar for Miscellaneous Dept. of the Cannery, $26.50; Buckeye Machine Co., machinery, etc., $39 40; Ohio Coal Co. 3 cars coal $67.90; Fayerweather & Ladew, belting, etc., $13.50.

The weekly salaries are paid; amounts the same as last week.

Post the week's business and take off trial balance. If correct, proceed with the next week's business as follows:—

Memoranda for Week Ending Sept. 7.

We have remitted to C. H. Webster & Co. our check with Voucher No. 26.

We have purchased of the Ohio Lumber Co., Cleveland, O., for Drier Casing Dept. per bill of Sept. 2, 17 M. ft. spruce lumber @ $11 65. Terms 60 days, 5 per cent off if paid in 30 days.

Benson, McGuire & Co. remit N. Y. drft. for old machinery, etc., sold them Aug. 24.

A. T. Melville & Co. have ordered at list terms, 75 Bx. Dia. Ap. and 50 Cs. each of Perf. Peach., Pears, and Cher.

C. A. Gregory & Co. report that in our last shipment to them, 8 boxes of "Orchard" Apples were sent instead of the "Diamond" brand. We send them a memorandum of credit for the amount of the discrepancy.

We have remitted to the Chicago Tinning Co. cash to balance account, also to cover amount of Voucher No. 31 less allowed discount. (Two Cash Book entries).

NOTE —The discount period for the account expired on Sept. 5, but it will be assumed that the remittance was made in time to save the discount.

A. B. McCall remits check for his purchase of Aug. 31.

Marvin & Wright, Cincinnati, order at list terms; 125 Bx. Dia. Peach. and 150 Cs. Perf. Tomat.

R. C. Noble & Co. of Sharon, Ind., have recovered their financial standing and have arranged to pay in full all their accounts settled under the receivership. They have sent us a check for the portion of their account that was charged to Loss and Gain.

We have handed B. F. Sloan our check for rent of Warehouse to Oct. 1, $75.

The W. B. Hoyt Co. of Chicago have remitted us a N. Y. drft. for that part of our bill of Aug. 31 that was to be paid in cash, also the three acceptances, of $500 each, 30, 60, and 90 days.

The Union Label Co. of Cincinnati, have delivered an assortment of labels for canned goods and their bill for the same at 30 days, dated Sept. 2, for $124.40. (Charge C. G. Casing Dept.)

The Kalamazoo Asylum has remitted voucher with check for their order of Aug. 24.

J. M. Rice & Co., Louisville, Ky., order at list terms 75 Cs. each of Stan. Peach., Pears, Cher., and Corn. With the order, they remit N. Y. drft. for their purchase of Aug. 10.

James Douglas has sold all his remaining stock to Geo. P. Morton and A. F. Hanlon, Mr. Morton taking 50 shares and Mr. Hanlon the remainder. Mr. Douglas first surrenders the shares at present standing to his credit, taking two other certificates for the required amounts which he transfers to Messrs. Morton and Hanlon. Issue the required certificates, cancelling those surrendered; make the necessarry entries in the Stockholders' Ledger and close up Mr. Douglas's account in this book.

S. H. Bannon & Co. remit cash for their purchase of Aug. 10, less allowed discount.

We remit to Ohio Lumber Co. cash to balance account.

Stuart & Hall remit cash for their purchase of Aug. 10, less allowed discounts.

The Graham Gro. Co. send a trial order for 40 Cases each of our Blk., Rasp., Straw., and Cr. Ap. Jelly. We allow a special discount of 5 per cent from list prices, and bill goods at 30 days.

We remit Voucher Check No. 43 to Union Spice Co., Philadelphia, for amount of their bill of Aug. 7, less allowed discount.

J. A. Martin sends weekly expense bill amounting to $53.50 and requests a remittance of $25 on salary account, which request is complied with.

A called meeting of the stockholders was held at the Company office on Sept. 6, and was attended by stockholders representing a majority of the stock. At this meeting the following business was transacted:—

1. Minutes of previous meeting read and approved.

2. The Secretary read the resignation of James Douglas as Treasurer of the Company. Motion carried to accept and place on file.

3. Mr. Chas. T. Fenton was elected Treasurer to fill out Mr. Douglas' unexpired term.

4. Mr. Martin offered a resolution that the Secretary be instructed to withdraw from sale and retire that portion of the Treasury Stock that was still unsold. Considerable opposition to the proposed measure was developed, and a vote by shares was demanded. The Secretary prepared a list of the stockholders voting, with the number of votes to which each was entitled as follows:—

In favor of the resolution:

A. F. Hanlon	Shares
Geo. P. Morton	"
Student	"
Arthur Moore	"

Opposed to the resolution:

L. M. Barnes	Shares
E. P. Moody	"
A. W. Nelson	"
H. T. Bell	"
A. B. Hillis	"

The chair declared the resolution adopted.

5. On motion it was resolved to declare a second Cash Dividend of five per cent, to be payable on Sept. 14, provided, the same should be justified by the results of the month's business.

6. Mr. Chas. A. Townsend, a gentleman engaged in promoting the formation of the American Food Supply Company, was then introduced and addressed the meeting. Mr. Townsend explained that a number of leading canneries had been consolidated into a new corporation, the American Food Supply Co., located at Cleveland, O., and that his present mission at Hillsdale, was to induce the stockholders of the Central Canning and Drying Co. to join the combination. He then offered many arguments and illustrations to show the various advantages of such a course. After a quite general discussion of the proposed consolidation scheme, the matter was, on motion, referred to a committee consisting of Directors Hanlon, Morton and Moore, who were instructed to investigate the whole proposition fully and make a report at a special meeting of the stockholders to be called for the purpose on Saturday, Sept. 14, at the Company's office at 8 o'clock p. m., due notice of which should be sent by the Secretary, to each stockholder. Meeting adjourned.

Write up the minutes, including a correct record of the vote on retiring the Treasury Stock, after which make the necessary Journal entry for retiring the unsold stock. See page 22.

Prepare a written notice as required for mailing to the stockholders, and submit the same to your teacher.

Mr. Moody turns in foremen's receipts for raw products purchased for the week. Cannery, $942.65; Drier, $497.60.

The B. & O. Ry. presents freight bills as follows:—

Ohio Lumber Co., Cleveland, O., car load lumber	$21.50
Union Label Co., Cincinnati, box of labels	2.75

Pay as usual and charge to proper accounts.

We pay P. Harrington's drayage bill to date, $71.40.

The weekly pay-roll is as follows:—

Cannery, $2297.20; Drier, $1021.15.

Pay office salaries for same amounts as last week.

Post the books and submit trial balance as usual.

Memoranda for Week Ending Sept. 14.

We have remitted to Cedar Cr. Mill Co. Voucher Check No. 41 for their bill of Aug. 15.

The Eagle Canning Co. hand us cash to balance account.

The foreman of the Drier presents a charge ticket for 7½ M. ft. boxing lumber @ $13.50, transferred to the Cannery.

Through Mr. C. M. Fairchild, agent of Angell & French, Cleveland, O., we have sold to that firm at cash terms the following goods delivered at the Cannery at the prices given:—

1000 Cases Perf. Tomat. @ 87½c; 500 Cs. Perf. Peas @ $1.25; 250 Cs. Perf. Gr. Beans @ $1.10; 250 Bx. Dia. Ap. at 6¼c per lb; and 250 Bx. Dia. Peach. at 8¼c per lb.

Mr. Fairchild hands us a check for $3000 to apply on the order, the remainder to be paid when the goods are received and the invoice verified by the buyers.

Our banker has notified us that the personal check given by A. B. McCall of Evanston, Ind., for his purchase of Aug. 31, and which was deposited Sept. 7, has been refused by the Drovers' Bank of Evanston, the bank upon which it was drawn. The reason given for dishonor, was that Mr. McCall had no funds to his credit when the check was presented. The check has been protested, the fees being $1.75.

We hand our bank a check for the amount of the protested check plus the fees, and credit Cash for the whole amount, charging "Protested Paper."

NOTE.—Cases of this kind are quite frequent a mong concerns that do much business by mail. To carry an account with "Protested Paper" is usually more convenient than to recharge the amount to the delinquent customer's account. If after the customer is notified of the returned protested paper, he should make a remittance for the amount, cash is debited and "Protested Paper" is credited. This disposal of the transaction obviates the inconvenience of making entries affecting the Sales Ledger accounts. When the books are closed, the balance of the Protested Paper account stands, as a resource, but if there are items on it that represent undoubted losses to the business, these may be segregated, and their amount closed into Loss and Gain. Protested notes may be carried to this account in the same way. Many firms deposit their customers' notes with their bankers, the bank crediting them as in the case of cash deposits. In this case, should the note be dishonored and protested, Cash is credited and "Protested Paper" debited when the note is returned, the same as in the case of a protested check.

The Graham Grocery Co. remit Chicago dft. for our bill of Aug. 17, less Mem. of Credit and allowed discount.

C. A. Gregory & Co. have settled their account by giving us their acceptance at 30 days for the amount of our bills for Aug. 17 and 31, less allowed discount and credits. (Deduct Mem. of Credit on dried fruit *before* computing discount.)

E. P. Moody's note of Aug. 10, given as payment of Installment No. 3, is paid in full, in cash with the interest due to date.

We have taken out an insurance policy with the National Fire Ins. Co. on goods stored in warehouse, the premium on which amounts to $11.25, and which we have paid in cash.

We have sold to M. C. Anderson at 30 days, refuse products of the Cannery, $74.90, and of the Drier, $47.25.

S. C. Joy, Steward of Hartwell College, remits his check in payment of our bill of Aug. 24, and sends another order for 10 Cs. each of our entire line of Jellies, 20 Cs. B. Bk. Beans, and 25 C s. Perf. Corn. We charge 20 cents in advance of list prices. Terms, Cash. We prepay freight charges in cash, $7.20.

A. T. Melville & Co. remit cash in payment of our bill of Aug. 17.

A. Monroe & Co. balance their account by handing us their 30 day note bearing interest at 8 per cent.

We send Voucher Check No. 55 to A. C. Marmaduke & Co. for amount of their bill, less discount.

A special sale of our goods, delivered at the Cannery, has been made to Dalton, Springer & Allen, 187-195 Wells St., Chicago, as follows:—

1750 Cs. Stan. Corn @ 60c.
945 Cs. Stan. Tomatoes @ 55c.
500 Boxes Orch. Peach. at 6¼c per lb. Terms, net Cash.

The Hillsdale Fuel Supply Co., Hillsdale, O., have delivered at the Cannery 75 Tons Hock. Val. coal @ $2.15, per bill of Sept. 12. Terms 30 days.

H. A. Ellison's note for $2500 dated July 28, in favor C. T. Hanlon and transferred to the Company, has been paid in full with interest at 6 per cent from date.

J. A. Martin has sold all his Canning Co. Stock to Arthur Moore. Make the necessary transfers.

O. C. Oliver & Co. remit Cash to balance their account less allowed discounts.

Chas. Baker reports expense bill for previous two weeks $72.50, and J. A. Martin for one week $52.70.

Mr. Moody, the buyer, presents foremen's receipts for raw products purchased for the week as follows: Cannery, $1643.85; Drier, $791.20.

The weekly Pay Roll is as follows: Cannery, $2187.50; Drier, $1129.76.

P. Harrington presents drayage bill to date, $26.95.

The usual weekly salaries are paid.

J. A. Martin and Chas. Baker are each credited with one month's salary, and checks are sent them for such sums as will balance their accounts.

We have deposited at the bank C. A. Gregory & Co's acceptance of this date, the same being placed to our credit less ¾ of one per cent discount from face. (Two entries in Cash Book as in the case of the Company's note deposited Aug. 31).

A. B. McCall of Evanston, Ind., has written a satisfactory explanation regarding the protesting of his check, and stating that he will in a few days send draft for the amount, plus the protest fees.

The purchasing agent of Dalton, Springer & Allen has handed us a check for the amount of their recent purchase.

You will now proceed to the second general closing of the books, carrying out the following directions, in the order given :—

1. Post the books to date and prepare a trial balance which you will submit to your teacher for approval.

2. Prepare a schedule showing the balances of the several accounts in the Sales Ledger. Compare the total of these with the balance of the Sales Ledger Account.

3. Prepare a statement of the business for the period commencing August 17, and ending September 14, following the general form of your statement for August 17, and assuming the following Inventories :—

NOTE.—In preparing this statement, be very careful to make the right disposal of the inventories of the Interest Account. The General Expense Account must also be credited on the statement with the inventory of unexpired rent and insurance.

Inventories for Closing Sept. 14.

Plant (inventory at cost)	158419	55	
Canned Goods	34598	60	
" " Raw Prod.	287	50	
" " Casings	291	75	
" " Miscel.	564	20	
Dried Fruits	6975	60	
" " Raw Prod.	328	10	
" " Casings	125		
Fuel	160		
Interest Receivable	76	40	
Interest Payable	116	25	
General Expense (unexpired rent and insurance)	95		
Petty Expense (as per P. Exp. Book)			

4. When your statement is prepared, submit it for approval.

5. After entering the inventories in the several accounts, close the Ledger by Journal entries as in your last closing.

6. Close and rule up the Cash Book and all accounts in the General Ledger that are in balance, forwarding all inventories.

7. Make the necessary entries in the Journal and Cash Book and Dividend Book for declaring a cash dividend (Dividend No. 2) of 5 per cent of the issued stock. Post these entries and rule up the accounts that are in balance.

NOTE.—As the dividend called for is greater than the amount of the net gain, the excess must be drawn from the surplus account.

The following form of entry is required :—

Loss and Gain.....
Surplus.....
Dividend No. 2.....

A called meeting of the stockholders to consider the advisability of effecting a sale of the business to the American Food Supply Co., was held on Sept. 14, 1901.

The advisory committee, reported favorably upon the acceptance of the following propositions, which have been formally submitted by representatives of the American Food Supply Co.

1. That the C. C. & D. Co. convey through bill of sale and deed, to the A. F. S. Co. all the real estate, plant, machinery, stock and other property, also, all accounts, cash, bills and other assets, as shown by the financial statement for September 14, less the amount of net gains to date which are to be distributed in Cash among the several stockholders, before the transfer is made.

2. The A. F. S. Co. are to assume the payment of all accounts, notes, acceptances, or other liabilities of the C. C. & D. Co., as shown by the books on this date.

3. In consideration of this sale and transfer of their business, and of the surrender of the C. C. & D. stock at present held by them, the stockholders of the C. C. & D. Co. are to receive the amount

of $276,000, in paid up stock of the A. F. S. Co., which is an increase of twenty per cent over the present amount of issued stock of the C. C. & D. Co. Said stock is to be distributed among the stockholders of the C. C & D. Co. in proportion to their present holdings of stock as shown by the Company books.

4. Upon the acceptance of this proposition, and the formal and legal transfer of the property in accordance with the terms stated, the representatives of the A. F. S. Co. are to assume immediate control and management of the business and property of the C. C. & D. Co.

After a full discussion of the propositions submitted, it was unanimously decided to accept them, and the officers of the company were, on motion, authorized to have the necessary legal papers prepared for effecting the sale in accordance with the terms of the propositions as submitted.

The Secretary reported that after paying Dividend No. 2, there was a balance in the Surplus Fund of about eighty-seven dollars, that was still undistributed, and he invited suggestions from the stockholders present as to the best means of disposing of it. Mr. Martin called attention to the worthy work and purposes of the Canners' Benefit Association, an organization that had lately been formed among the employees of the Company, and he moved that the balance of the Surplus Account, referred to, be donated in cash to this organization. The motion was adopted by unanimous vote.

The meeting then adjourned.

The books are now to be finally closed and the corporation dissolved through the transfer of its interests and the surrender of stock by the stockholders. To accomplish this, proceed as follows:—

1. Make a credit entry in the Cash Book for the balance of the Surplus Account, to be donated to the "Canners' Benefit Association;" when this entry is posted, the Surplus Account will, of course, be in balance.

2. Balance and rule up the Cash Book, and bring down the balance of cash on hand.

3. Make Journal entries as follows, for the double purpose of setting forth the facts as to the sale of the business to the American Food Supply Co., and to effect the closing of the books, upon the dissolution of the Central Canning and Drying Co.:—

NOTE.—The items of these entries, are with the exception of the cash balance, the same as those given in the last statement, and should be taken from it. As the Surplus Account is closed, its balance is omitted.

(a) Make a Journal entry, charging the American Food Supply Co. with the entire resources of the business as shown by the balances of the several resource accounts, and crediting these accounts with their several balances. In the explanation for this entry, state the terms and conditions of the sale, by which the business of the Central Canning & Drying Co. is to be terminated.

(b) Make a Journal entry, crediting the American Food Supply Co. with the total of the liabilities, and debit the liability accounts with their several balances. Explain that, by the terms of the sale, these liabilities are to be assumed by the American Food Supply Co.

5. Post these entries. after which the Cash Book and the accounts of the General Ledger being in balance, are closed and ruled up.

NOTE.—Add each side of the several accounts, before ruling them up, to see that no error has been made in transferring the amounts.

6. Assuming that all stock has been surrendered, write the word "Surrendered" in red ink across the face of each certificate in the Stock Certificate envelope, and re-attach the several certificates to their original stubs, then debit each account in the Stockholders' Ledger with the amount of surrendered stock and rule up the several accounts.

Concluding Suggestions.

The act of selling out the property, good will, etc., of the business, and the formal surrender of the stock, effects the dissolution of the corporation, although, it does not destroy the individual liability of the several incorporators for the company debts and obligations, should the American Food Supply Co. default in its discharge of the same.

In most states, the laws prescribe the manner in which a corporation may be legally dissolved, and when such a step is contemplated, it is necessary to proceed in accordance with these laws.

At this point, it is well to admonish the student that in all matters affecting the legal status of a corporation, it is the well-established custom for the parties interested to proceed only in accord-

ance with the advice and co-operation of a competent attorney. To him is assigned the task of preparing the various legal documents required, as the necessity for having these made out in proper legal form is a matter of too much importance to be left to inexperienced hands.

It is also well for the student to perceive that the consolidation of several corporations by a *bona fide* sale, is a very different affair, from the formation of a "combine" or "trust," in which the several combining corporations continue to maintain their corporate existence, although operated as a single concern. The first method is entirely lawful, and does not differ materially from those business consolidations among individuals or partnerships, in which one man, or firm, buys out, or forms lawful partnerships with the others. The second method of combination, however, is now contrary, not only to the laws of the United States, but to those of most of the several states, and in point of fact, the "trust," as an illegal combination to control trade, has practically gone out of existence.

When one company sells out to another, as in the case of the Central Canning & Drying Co., the change of management may, however, be merely nominal, the same men may, as employees of the new company, continue to direct the affairs of the business, as before, and there might not be, and probably would not be, any noticeable change in the ordinary routine of the company affairs. Very likely, the same operating books would continue to be used, but the bookkeeper would, of course, have nothing to do with the general corporation affairs, which would be administered at the central office of the purchasing company.

Sometimes, also, the financial management of the business is conducted at the central office, the local establishment concerning itself only with the business of manufacture.

And now, at the conclusion of his work, it may be well again to remind the student that the methods of corporation and manufacturing business and accounting, as presented in this course, are by no means assumed to be the only, or even the best ones that might be employed. Probably no two business concerns would conduct their affairs or keep their books in quite the same way.

Accountants in these establishments learn, by trial and experience, what forms of books and what accounting devices are best suited to the special conditions of the business.

It is believed, however, that the present course, if the student has performed his work faithfully, will have made him fairly familiar with the more important of the principles and methods that would be likely to be employed under the conditions given, and that this knowledge may prove of the greatest service to him, should he ever engage in commercial pursuits.

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